

The Importance of Protecting Industrial Property Rights for Start-ups

مدى أهمية حماية حقوق الملكية الصناعية للمؤسسة الناشئة

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الملخص:

تعد حقوق الملكية الصناعية والتي من أهمها الاختراعات أو الابتكارات، العلامات التجارية، النماذج الصناعية وغيرها، جزءاً من رأس مال المؤسسة الناشئة، وتشكل مورداً مهماً لدعمها المالي وتمويل أنشطتها في مجالات البحث العلمي والابتكار.

وتوفير حماية قانونية لهذه الحقوق من خلال احترام إجراءات تسجيلها، يعزز موقف المؤسسة التفاوضي، خاصة عند السعي للحصول على التمويل أو جذب المستثمرين الذين يفضلون المؤسسات ذات الحقوق الصناعية المسجلة والمحمية باعتبارها استثمارات واعدة.

لذلك لا بد أن تسعى المؤسسة الناشئة جاهدة لحماية حقوق الملكية الصناعية التي تمتلكها لأجل المحافظة عليها ومنع الغير من استغلالها دون إذن مسبق.

الكلمات المفتاحية: المؤسسة الناشئة، حماية الابتكار، العلامة التجارية، القدرة التنافسية، تمويل المؤسسة.

Abstract:

Industrial property rights constitute an integral part of a start-ups capital and represent a crucial resource for supporting its financial stability and funding its activities in scientific research and innovation.

Ensuring robust legal protection through adherence to formal registration procedures significantly enhances the start-ups negotiating leverage, particularly in contexts involving capital acquisition or investor engagement. Investors typically prioritize enterprises with duly registered and legally protected industrial rights, viewing such assets as indicators of long-term viability and innovation potential.

Accordingly, it is imperative that emerging enterprises adopt proactive measures to secure and preserve their industrial property rights, thereby preventing unauthorized exploitation by third parties and maintaining a competitive advantage in their respective markets.

Key words: start-ups, Protection of Innovation, Trademark, Competitiveness, Financing of Start-ups.

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Introduction:

Start-ups are among the economic entities that play a pivotal role in fostering economic and social development, as they create new employment opportunities at relatively low costs and channel savings toward diverse investment avenues. They have also emerged as a preferred option for individuals with innovative ideas and entrepreneurial projects, enabling them to transform their innovations into concrete ventures within a well-structured legal framework. In doing so, they benefit from various governmental programs and policies designed to provide support and facilitate the development and advancement of such enterprises in line with strategic developmental goals.

Like any other type of enterprise, start-ups require both financial and intellectual capital. The latter -commonly referred to as structural capital- encompasses a range of industrial property rights, most notably inventions or innovations, trademarks, industrial designs, and other proprietary assets acquired or developed through research and innovation.

A start-ups focus on safeguarding its industrial property rights is a fundamental component of strengthening its asset base and enhancing its economic structure. These rights not only provide a reliable source of revenue and business continuity but also serve as a key mechanism for maintaining competitiveness in the market.

In light of the above, the central research question addressed in this study is:
To what extent does the legal protection of industrial property rights constitute a critical factor in supporting the sustainability and growth of start-ups?

To address this research question, a descriptive research approach is employed to outline the conceptual framework and define the core legal terms under investigation. Additionally, an analytical approach is adopted to examine the relevant legal provisions governing start-ups and industrial property rights.

This research is structured as follows:

- **Section I: Conceptual Framework of Start-ups and Industrial Property Rights**
- **Section II: The Role of Legal Protection of Industrial Property Rights in Supporting and Strengthening Start-ups**

1- Conceptual Framework of Start-ups and Industrial Property Rights

Start-ups -whether on the path to becoming small or medium-sized enterprises- constitute a fertile ground for innovation and creativity, which are among their most salient features and serve as a fundamental criterion for classifying a project as innovative in principle. Accordingly, it is imperative for start-ups, from the earliest stages of their establishment, to attach significant importance to the protection of their industrial property rights; foremost among them, inventions given the strategic advantages and legal support such rights provide. These rights enhance the enterprise's capacity at inception and throughout its operational development.¹

In this light, the section will first clarify the conceptual framework of start-ups, followed by an examination of the notion of industrial property rights.

1.1- The Conceptual Framework of Start-ups

Every successful enterprise today was once merely a project idea, transformed into reality through the mobilization of available resources, the implementation of targeted strategies, and the adoption of policies and plans aligned with its vision and objectives.

The start-ups phase constitutes one of the most critical stages in the life cycle of an enterprise, as it lays the foundation for future growth and sustainability. Accordingly, this subsection will address the definition of a start-ups, followed by a clarification of the legal conditions required to acquire start-ups status under Algerian legislation.

1.1.1- Defining a Start-ups

The term "**start-ups**" first emerged in the aftermath of World War II, in parallel with the rise of venture capital firms 'a model of high-risk investment'² before gradually spreading and becoming a widely recognized concept within the entrepreneurial ecosystem.

Some legal scholars define a start-ups as "a young and dynamic entity driven by innovation and technology, established by founders seeking to develop new products or services in order to access untapped markets."³

Broadly speaking, a start-ups refers to a newly established company built upon entrepreneurial and innovative ideas, often characterized by promising prospects for growth and market expansion.⁴

Another definition considers a start-ups to be "an entity that leverages innovative technologies to penetrate new markets, capitalizing on high growth potential and significant financing needs,"

As demonstrated by major global firms such as Google and Microsoft, which entered emerging markets with substantial financial backing.

Start-ups represent a distinctive form of entrepreneurship. When classified according to the criterion of creativity, they are generally characterized by a strong reliance on innovation and renewal, frequently incorporating modern technologies and digitalization into their business models.

In practice, these definitions also apply to enterprises operating in sectors not necessarily associated with technology. In such cases, greater emphasis is placed on the projected market demand and the typically limited financial resources available to the enterprise.

It is worth noting that one of the most prominent legislative instruments to include a formal definition of a start-ups is Tunisian legislation, wherein Article 2 of the Law on Start-ups defines a start-ups as "a commercial company established in accordance with applicable legal provisions."⁵

Building on the aforementioned definitions, a startup may be understood as a newly established entity founded upon an innovative idea; one that is not necessarily limited to the technological sector and aimed at delivering a novel or unique product or service. Its objective is to target broad or untapped markets while assuming a high degree of risk and uncertainty in pursuit of rapid growth and significant returns, irrespective of the company's size, area of activity, or the background of its founder.

1.1.2- Legal Requirements for Obtaining Start-ups Status under Algerian Legislation

The Algerian government has shown considerable interest in the start-ups model, recognizing its potential as an effective response to multiple challenges, chief among them the

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mitigation of talent migration. This policy orientation reflects a broader effort to support innovators and creative entrepreneurs by providing a range of mechanisms designed to foster the development and growth of start-ups enterprises.

The notion of a start-ups was first introduced by the Algerian legislator in Article 21 of Framework Law No. 17-02,⁶ concerning the promotion of small and medium-sized enterprises (SMEs).

Although Executive Decree No. 20-254⁷, which established the committee responsible for awarding the “Start-ups” label, has since been promulgated, it does not contain a formal or explicit definition of the term “start-ups.”

Nevertheless, Article 11 of the same decree outlines the criteria that a company must satisfy in order to be classified as a start-ups:

- ✓ The enterprise must operate within the framework of Algerian law. As stipulated by Commercial Code, any economic entity conducting business within the national territory is subject to its provisions.
- ✓ The company’s age must not exceed 08 years. However, the legislator does not explicitly indicate the reference date from which this period is calculated.
- ✓ The enterprise’s activity must be based on the provision of products or services, or involve an innovative concept aimed at attracting talent and stimulating creativity.
- ✓ The company's annual revenue must not exceed the threshold established by the competent national committee.
- ✓ Natural persons, accredited investment funds, or other entities that have already been classified as start-ups must hold at least 50% of the company’s capital.
- ✓ The enterprise must demonstrate a sufficient capacity for growth and expansion.
- ✓ The number of employees must not exceed 250 individuals.

It is worth noting that some perspectives argue that the establishment of a start-ups should not be defined strictly by the age, size, or sectoral activity of the enterprise. Rather, it should be contingent upon four essential criteria: a high potential for scalability and rapid growth; reliance on innovative technologies or advanced technical solutions; the need for substantial funding through diversified financial sources; and operation within an emerging market characterized by uncertainty and limited predictability of risk.⁸

1.2- The Concept of Industrial Property Rights

Industrial property rights constitute a distinct branch of intellectual property law, alongside literary and artistic rights. What distinguishes them is their direct applicability to industrial and commercial activities.

This subsection seeks to define the concept of industrial property rights and highlight their essential legal features.

1.2.1- Definition of Industrial Property Rights

The Algerian legislator has not provided a codified definition of industrial property rights, which has prompted legal scholars to offer their own doctrinal formulations. Among the most notable definitions are the following:

One view defines these rights as “industrial and commercial entitlements that grant their holder the exclusive right to exploit a novel invention or use a distinctive sign, thereby allowing exclusive commercial benefit and protection against competitors.”⁹

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Another approach defines them as “rights conferred upon a trader or manufacturer, granting an exclusive privilege that enables control over clientele through a monopoly on the sale of goods with specific features or forms.”¹⁰

Some scholars, rather than offering a direct definition, have opted to delineate industrial property rights by identifying their various forms.¹¹ Similarly, the Paris Convention for the Protection of Industrial Property,¹² in Article 1(2), enumerates the categories covered under the notion of industrial property.

The TRIPS Agreement¹³ (Trade-Related Aspects of Intellectual Property Rights) further complemented the Paris Convention by expanding the scope of industrial property rights to include additional areas such as geographical indications, undisclosed information (trade secrets), and layout designs of integrated circuits.

These rights are often referred to as industrial and commercial property rights, given their intrinsic connection to business activity. They grant their holder a monopolistic privilege to exclusively exploit an invention or distinctive sign. These rights typically cover:

- ✓ New innovations, such as inventions, industrial designs, and utility models.
- ✓ Distinctive signs used to identify goods and services, such as trademarks.
- ✓ Business identifiers, such as trade names.
- ✓ Geographical indications and appellations of origin, which link the product’s reputation or inherent characteristics to a specific geographic area.

Given that industrial property rights are designed to serve the interests of industrial and commercial exploitation, they require a specialized legal framework that reflects their unique nature and the specific demands of commercial enterprise.

1.2.1- Key Characteristics of Industrial Property Rights

Industrial property rights take on various forms, yet they share a common legal nature, that they are both intangible and pecuniary rights of a temporary nature. These rights are considered intangible because they are the product of intellectual activity and are part of a broader domain of modern property rights, which includes intellectual property and business assets, expanding the classical concept of property.

One of the most salient characteristics of industrial property rights is their role as instruments of commercial competition. Enterprises that obtain a patent, possess a registered industrial design, or own a distinctive trademark seek to gain a competitive advantage and attract the largest possible share of the market. These rights are also designed to promote fair competition by discouraging illicit practices. For instance, the patent holder enjoys the exclusive right to exploit their invention and protect it from third-party infringements throughout the patent's duration.

In addition, industrial property rights are economic assets, as they grant their holders the ability to commercially exploit the protected innovation or sign, yielding financial returns through either direct use, assignment, or licensing agreements.

These rights are further characterized by their limited duration. International treaties and most national legal systems confer exclusive rights for a specific period of time, after which the protected subject matter enters the public domain with the notable exception of trademarks, which may be renewed indefinitely, provided they continue to meet legal requirements.¹⁴

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The conferral of exclusive rights for a limited period is grounded in the pursuit of public interest, particularly in the context of inventions. The aim is to incentivize inventors to engage in innovation and to develop technical and commercial solutions that contribute to industrial progress and stimulate overall economic growth.

2- The Role of Legal Protection of Industrial Property Rights in Supporting and Strengthening Start-ups

Start-ups strive diligently to develop or attain novel innovations, a process that requires substantial investment of human and financial resources through research and development activities aimed at producing advanced products or manufacturing methods capable of conferring a competitive advantage in the market. However, such innovations remain vulnerable to imitation by competing firms, thereby threatening the innovative enterprise's distinct market position.

Given the significance of industrial property rights, particularly those related to inventions and technological innovations, most legal systems, including Algerian legislation, have enacted specific provisions to safeguard these rights. Such legal protections are intended to foster sustained innovation, stimulate creativity, and add economic value.

Accordingly, it is imperative for start-ups to undertake the necessary legal steps to register and secure their industrial property rights. This section will therefore examine the legal requirements for registering these rights, followed by an analysis of the role that legal protection plays in supporting the development and sustainability of emerging enterprises.

2.1- Legal Requirements for Registering Industrial Property Rights

The primary purpose of registering industrial property rights is to grant the right-holder the exclusive authority to exploit these rights within their commercial or industrial activities, while preventing unauthorized use or imitation by third parties. Such registration offers essential legal protection against infringement and unfair competition.

Industrial property encompasses a diverse set of rights. Given that start-ups prioritize innovation -followed by the commercialization of their products or services within a distinctive business model supported by a unique trademark - this subsection will outline the legal requirements for registering patents, industrial designs, and trademarks, as these are the most relevant forms of protection for emerging enterprises.

2.1.1- Requirements for Patent Registration

Patent is an official document issued by a competent national or international authority, granting its holder exclusive rights to protect their invention and encompassing all relevant technical details. The Algerian legislator, in Article 2, paragraph 2 of Ordinance No. 03-07 on patents, defines it as a legal instrument intended to safeguard inventions.

To assert the right to an invention and benefit from legal protection, the Algerian legal framework requires compliance with specific formal procedures, beginning with the submission of an application to the designated authority namely, the National Institute of Industrial Property (INAPI). Executive Decree No. 05-275¹⁵ outlines the necessary steps and supporting documents for assembling a complete application file and securing patent protection.

The competent authority shall grant the patent only after verifying the fulfilment of substantive conditions, which include:

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- The invention must be novel.
- It must result from an inventive or creative effort.
- The invention must be capable of industrial application; this criterion is one of the fundamental elements distinguishing a patentable invention from other types of industrial property.

The substantive requirements for patent eligibility are articulated in Articles 3 to 9 of Ordinance No. 03-07 on patents.

It is also important to highlight that novelty is generally assessed from the date of filing the patent application. Accordingly, it is advisable for start-ups to initiate the protection process at the earliest stages of development, as patent rights are typically awarded to the first applicant. Consequently, rights may be granted to another entity that files earlier, even if it is not the original creator of the invention.

Once the formal procedures have been duly completed before the National Institute of Industrial Property, the invention is registered in the name of its creator, who is then issued an official certificate known as a patent.

Both the filing date and the patent document carry significant legal weight for the start-ups, as they ensure protection against imitation and unfair competition especially when the enterprise seeks to expand into international markets.

A practical example illustrating the importance of patent protection for start-ups is the American company Ring. It began as a start-ups in the smart home sector, relying on a patented smart doorbell equipped with a camera and motion sensors, together with a protected industrial design characterized by its integrated and elegant appearance. This dual protection of intellectual property rights significantly enhanced the company's market value and ultimately contributed to its acquisition by Amazon.

2.1.2- Legal Requirements for the Registration of Industrial Designs and Models

In Algerian legislation, industrial designs and models are governed by the provisions of Ordinance No. 66-86 concerning industrial designs and models¹⁶, as well as Executive Decree No. 66-87¹⁷ these legal instruments address the visual appearance of final products or goods displayed in the market and outline the procedures for their registration with the competent authority.

Industrial designs and models refer to visually perceptible elements that exhibit originality and novelty. To qualify for legal protection, a design or model must demonstrate an innovative character that clearly distinguishes it from existing or similar designs. Furthermore, it must be intended for application in the industrial sector.

In addition to these substantive requirements, the design or model must be duly registered in accordance with the prescribed legal procedures in order to benefit from protection under the law.

Industrial designs and models hold significant importance for enterprises, as they play a pivotal role in attracting customers through distinctive and aesthetically appealing designs. Their legal protection through formal registration serves as an effective means of enhancing the market position of products and safeguarding the reputation of the enterprise.

A notable illustration is Beats, which relied extensively on the innovative and distinctive industrial design of its headphones. This unique industrial design, protected as an intellectual property asset, represented the company's principal source of value and played a decisive role in Apple's acquisition of the company for USD 3.2 billion.

2.1.3- Legal Requirements for the Registration of Trademarks

Each enterprise typically adopts distinctive trademarks for its products or services resulting from innovation, in order to differentiate them from competing goods or services available in the market. In Algerian legislation, trademarks are governed by the provisions of Ordinance No. 03-06¹⁸ along with Executive Decree No. 05-277¹⁹, which sets forth the procedures for filing and registering trademarks.

Trademark protection is secured by registering the mark at the National Institute of Industrial Property (INAPI), which issues a certificate of ownership to the applicant enterprise. This certificate establishes the legal title to the mark and ensures the protection of the enterprise's brand identity and reputation, especially when the mark enjoys broad public recognition.

The registration of a trademark confers protection for a period of ten (10) years from the date of filing the application. It grants the proprietor the exclusive right to use and exploit the trademark and to license its use to another natural or legal person in exchange for financial consideration.²⁰

It is worth noting that trademark rights remain valid as long as the registration is periodically renewed. However, failure to use the trademark within a legally specified period may result in the loss of ownership rights.²¹

A practical illustration of the importance of trademarks is "Airbnb", which began as a start-up offering an online platform for short-term accommodation rentals. However, its success was not attributable to technology alone; rather, it was built upon the development of a strong trademark that embodies trust and a sense of belonging. The registration and protection of its trademark across multiple jurisdictions prevented third parties from exploiting or imitating its name, thereby strengthening the confidence of users and investors alike, facilitating the company's global expansion, and contributing significantly to its substantial market value.

To fully benefit from their innovations, start-ups must ensure proper legal protection, as these innovations represent the core intellectual assets on which their investments are based. In other words, the enterprise must obtain legal entitlement to assert and safeguard its interests particularly in the face of common challenges such as limited access to capital. Many start-ups are often required to disclose their innovations at early stages of project development prior to official registration thereby exposing their creations to the risk of losing novelty, a fundamental requirement for patentability. This premature disclosure may also open the door for competitors to appropriate and commercially exploit the idea.

To mitigate these risks and encourage legal protection, Algeria has launched the "Intellectual Property Protection Financing Program", which serves as a strong incentive for start-ups founders to secure their intellectual and industrial property rights. Under this initiative, the Ministry of Knowledge Economy, Start-ups, and Microenterprises assumes the cost of filing and protecting such rights on behalf of start-ups and innovative projects, through a dedicated start-ups accelerator.

This program, adopted during the National Conference on Start-ups held in March 2022, aims to streamline the procedures for registering patents, industrial designs and models, and trademarks. It also includes training programs in intellectual property, led by experts affiliated with the national start-ups accelerator.²²

2.2- The Role of Industrial Property Rights Protection in Supporting Startups

Industrial property rights hold critical importance for start-ups, particularly when effectively leveraged.

Their value lies not only in affording legal protection to inventors by safeguarding their innovations and granting them exclusive exploitation rights but also in playing a central role in financially supporting the enterprise, fostering development and advancement processes, and ultimately enhancing its competitive capacity within the market.

2.2.1- Industrial Property Rights as a Financial Support Mechanism for Start-ups

Start-ups built on innovative ideas face a myriad of financial challenges, the most prominent of which is the scarcity of capital, an issue particularly prevalent in emerging economies. These enterprises often require continuous and sustained funding, yet frequently lack the collateral typically required by financial institutions, making access to traditional credit mechanisms difficult.

It is worth noting that modern financing mechanisms have emerged to better suit the specific characteristics of start-ups. These include crowd funding through digital platforms, angel investors, and venture capital forms of funding that differ from conventional bank loans by emphasizing profit-and-loss sharing and placing greater value on the technical and managerial competencies of entrepreneurs rather than financial guarantees.²³

Nonetheless, start-ups still encounter considerable difficulties in accessing bank loans and securing long-term financing. In this regard, the legal protection of industrial property rights plays a critical incentivizing role, as it reinforces the start-ups legal status and negotiation capacity. This, in turn, facilitates the attraction of capital from banks, investment funds, and venture capitalists. Industrial property rights thus function not only as instruments of innovation and knowledge production but also as strategic marketing and financial assets.²⁴

Investors seeking high-efficiency capital allocation typically conduct rigorous due diligence before committing to a start-ups. Enterprises that have integrated industrial property rights into their operational strategy tend to be more appealing to investors; as such, rights enhance their negotiation leverage and overall market positioning. Investors particularly value the presence of legal rights that secure exclusive market advantages, seeing them as indicators of reduced risk and increased potential for return.²⁵

The ownership of industrial property rights provides start-ups with a significant competitive edge, allowing them to offer unique value propositions and safeguard their innovations through formal legal protection. This enables the secure commercialization of their products or services within target markets and shields them from imitation and unfair competition.

Moreover, industrial property rights are considered vital intangible assets that retain their economic relevance even in cases of bankruptcy or liquidation. This legal continuity enhances investor confidence and offers greater financial security, ultimately expanding the range and flexibility of financing options available to the enterprise.

Recent studies underscore this point: in the United States, over 70% of failed start-ups end up selling their patent portfolios as part of asset recovery. Similarly, in France, a notable number of start-ups use their trademarks and patents as collateral to secure loans, leading to measurable improvements in debt financing, particularly among small and medium-sized enterprises.

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Some innovative financing tools available is intellectual property securitization, which allows start-ups to convert anticipated future revenues derived from industrial property rights into immediate liquidity. This is typically achieved through the sale or licensing of such rights in exchange for upfront capital. In this model, the investor assumes the risk associated with the future revenue stream, particularly when licenses are granted over extended durations.

2.2.2- Industrial Property Rights as a Driver of Competitive Advantage for Start-ups

There exists a diversity of legal and economic definitions for **competitiveness**, among the most prominent of which is the following: the capacity of an enterprise to offer products of adequate quality, at reasonable and competitive prices, and within an appropriate timeframe thereby fulfilling consumer needs with a level of efficiency that surpasses that of competing firms.²⁶

Another prevailing definition describes a competitive enterprise as “an entity capable of delivering high-quality products at a lower cost than its competitors, whether domestically or internationally. Thus enabling it to generate sustainable long-term profits, provide substantial compensation to its workforce, and deliver satisfactory returns to investors.”²⁷

From these definitions, it can be deduced that the principal indicators of competitiveness include: production cost, productivity levels, market share, and profitability margins.

It should be noted that Ordinance No. 03-03²⁸ relating to Competition constitutes a fundamental legal framework for strengthening the competitiveness of enterprises in Algeria. This legislation aims to establish a sound economic environment that promotes economic efficiency, prevents monopolistic practices, and ensures equal opportunities, thereby encouraging enterprises, including start-ups, to innovate and enhance their performance.

The importance of enterprise competitiveness is reflected in Article 1 of Ordinance No. 03-03, which expressly provides that the purpose of the law is to: “increase economic efficiency and improve consumers’ living conditions.” Economic efficiency thus serves as the primary driver for enhancing the competitiveness of enterprises at both the domestic and international levels.

Furthermore, Articles 6 and 7 of the same Ordinance prohibit anti-competitive practices, including unlawful agreements and the abuse of a dominant market position. These provisions prevent large enterprises from eliminating competing firms, including start-ups, and ensure a fair competitive environment in which enterprises compete on the basis of efficiency and merit.

In light of the current global transformations -be they economic, social, or political- it has become imperative for economic actors, and particularly start-ups, to adopt a strategic mind-set based on the optimal utilization of resources and the continuous enhancement of their competitive capabilities. This is essential to secure their survival and ensure their capacity to grow within a market environment marked by intense and increasingly globalized competition.

Innovation and renewal represent among the most distinctive assets of start-ups enterprises, allowing them to offer unique products and services that are not easily replicated. Such differentiation provides them with a distinct competitive advantage and positions them favourably in the long run. It is therefore essential that start-ups continue to invest in research and development, while also safeguarding the legal ownership of their innovations through proper registration and compliance with the applicable legal and regulatory frameworks.

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In the context of the modern economy, competitiveness has become a decisive criterion; not merely for ensuring institutional continuity, but also for enhancing prospects for sustainable development and long-term viability.

Furthermore, competitiveness plays a key role in enabling firms to capitalize on the opportunities afforded by economic globalization, while also mitigating the challenges it presents. It allows emerging enterprises in developing economies to expand beyond domestic markets and integrate into international markets, thus strengthening their presence on the global stage.²⁹

Conclusion:

Industrial property rights, including patents, trademarks, and industrial designs, constitute essential legal instruments that empower start-ups enterprises to access funding, enhance their activities in research and innovation, and strengthen their competitive position in the context of economic liberalization.

Accordingly, the key findings of this study can be summarized as follows:

- The legal protection of industrial property rights serves as a vital guarantee that provides a secure environment conducive to attracting investors and venture capitalists to finance start-ups projects and enterprises.
- Industrial property rights play a central role in the development of start-ups, primarily by enhancing their ability to compete effectively in the market.
- The legal protection of industrial property rights may serve as a potential future source of financing for start-ups enterprises, particularly through the securitization of such rights whether by selling them or licensing their exploitation to investors at a later stage.

Recommendations:

Neglecting a strategic approach to the protection of industrial property rights constitutes a grave error that may be committed by start-ups enterprises, given the potentially adverse economic consequences thereof. It is therefore imperative to take all necessary measures to register and secure such rights, and to treat them as an essential component of the enterprise's core investment expenditures.

Start-ups should refrain from prematurely disclosing their innovations or inventions prior to initiating registration procedures or, at minimum, submitting a protection request. Such disclosure may result in the forfeiture of the right to register and safeguard those rights due to the loss of novelty.

The registration of industrial property rights facilitates the ability of start-ups to take legal action in the event of infringement or unauthorized use, thereby reinforcing their legal position and enabling prompt enforcement.

Start-ups must accord special attention to continuous research and development, especially in light of rapid technological advancements. Yet, many enterprises tend to neglect this aspect due to either a lack of innovation culture or the high costs it entails. Accordingly, it is strongly recommended that start-ups allocate a portion of their budgets to support R&D, as it is a critical factor in securing a sustainable competitive advantage.

In the same vein, the legal protection of innovations remains fundamental for start-ups. However, due to the complexity of requirements imposed by industrial property laws—particularly the stringent conditions for obtaining a patent under Ordinance No. 03-07 such

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protection may become burdensome. In this context, a more flexible alternative may be considered in the form of utility models, a legal mechanism that protects simpler technical innovations, which may not meet the threshold of patentability. Although the Algerian legislator has yet to adopt such a mechanism, utility models remain an appealing option due to their simplified procedures, reduced costs, and shorter duration of protection.

It is worth noting that utility models generally require less stringent conditions than patents. For instance, the requirement of absolute novelty, arguably one of the most demanding substantive conditions for patentability-is not necessarily required at the same level for utility models. Furthermore, the registration process for utility models is typically less time-consuming and procedurally complex than that for patents.

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- 15- Executive Decree No. 05-275, determining procedures for the filing and issuance of patents, Official Gazette dated 7 August 2005, No. 54, p. 3, amended and supplemented by Executive Decree No. 08-344 of 26 October 2008, Official Gazette dated 16 November 2008, No. 63, p. 12.
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