Geopolitical Alignment and Patent Litigation Outcomes: Evidence from China's AIIB Memberships

Abstract

Over the past decade, geopolitical shifts have been marked by a rise in nationalistic discourse, escalating international tensions, and growing economic competition among states. These evolving dynamics have significantly impacted global business operations, including the legal landscape, which has increasingly exhibited a tendency to prioritize domestic interests. While prior research has extensively examined judicial bias against foreign fi rms, a crucial aspect remains underexplored: in an increasingly multipolar world, courts may not only disadvantage foreign entities but also extend preferential treatment to firms from geopolitically aligned nations, reinforcing broader strategic alliances. To examine this phenomenon, we investigate how a country's decision to join the Asian Infrastructure Investment Bank (AIIB)—a China-led multilateral development bank that epitomizes Beijing's efforts to reshape global financial institutions—shapes the legal treatment of its firms in Chinese courts. Specifically, we analyze the effect of AIIB membership on patent litigation outcomes in China, leveraging a rich dataset of patent infringement lawsuits filed by foreign subsidiaries, complemented by firm-level financial data from the Orbis IP database spanning 2010 to 2020. Our findings reveal strong evidence that firms from AIIB member countries experience systematically more favorable rulings in Chinese courts during patent disputes, suggesting that judicial decision-making aligns with China's broader geopolitical and economic strategies.

1. Introduction

In recent years, the global geopolitical landscape has been shaped by a surge in nationalistic rhetoric, escalating political tensions, and intensifying economic rivalries among nations. These dynamics are exerting a profound influence on business practices, as they coincide with the implementation of nationalistic economic policies designed to protect and promote domestic interests, often at the expense of foreign entities (Murtha & Lenway, 1994). Such policies manifest in various forms, including increased tariffs on imported goods, which disrupt the global value chains of multinational firms (Fan et al., 2022); heightened regulatory scrutiny of foreign firms during mergers and acquisitions (Bertrand et al., 2016); and outright discrimination against foreign firms in patent awards (De Rassenfosse & Raiteri, 2022).

The legal system has not been immune to this trend. Instead, it has increasingly displayed a bias toward domestic interests. For example, Bhattacharya et al. (2018) reveal that market reactions to the announcement of U.S. federal lawsuits are less negative for domestic corporate defendants compared to their foreign counterparts. Similarly, Mai and Stoyanov (2018) show that foreign firms face significantly lower chances of successfully protecting their intellectual property rights (IPR) in Canadian courts compared to domestic firms. Focusing on IPR protection, Choudhury et al. (2024) further demonstrate that courts often favor domestic firms in patent disputes, with such favoritism frequently justified through nationalistic rhetoric. Collectively, these findings highlight how courts, even in nations with strong traditions of judicial independence, can act as instruments of economic nationalism, systematically disadvantaging foreign firms.

However, existing research has largely overlooked a critical nuance: in a world that is becoming increasingly multipolar, courts may not only favor domestic firms but also firms from "friendly" countries, aligning their rulings with the broader geopolitical strategies of their governments. This dynamic might be particularly salient in jurisdictions where the judiciary is not fully independent from political influence. In such contexts, courts can become instruments of foreign policy, reinforcing alliances by providing favorable treatment to firms from politically aligned nations. This paper addresses this gap by investigating how geopolitical alignments influence judicial decisions in patent litigations, specifically in the context of China's relationship with member countries of the Asian Infrastructure Investment Bank (AIIB).

Established in 2015, the AIIB is a multilateral development bank spearheaded by China, aimed at fostering infrastructure development across Asia and beyond. Despite opposition from the United States, the AIIB has attracted over 100 member countries worldwide, positioning it as a critical counterweight to Western-dominated financial institutions (e.g., International Monetary Fund and World Bank). Membership in the AIIB is interpreted as an indicator of a deepening bilateral relationship with China, especially for countries traditionally aligned with the Western-led world order, such as EU member states. As such, AIIB membership offers a unique context to study how such alignments influence judicial behavior. Specifically, we examine whether Chinese courts exhibit differential treatment toward foreign firms involved in patent litigation based on their home country's membership in the AIIB.

To explore this question, we employ a difference-in-differences framework, leveraging the staggered nature of AIIB membership over time. This approach allows us to identify causal effects

by comparing judicial outcomes for firms from member and non-member countries before and after their respective entry into the AIIB. We utilize comprehensive data on patent infringement lawsuits initiated by foreign subsidiaries in China and firm-level financial information from the Orbis IP dataset, from between 2010 and 2020.

Our analysis reveals compelling evidence that foreign firms from AIIB member countries receive more favorable treatment in Chinese courts during patent disputes. Specifically, foreign firms involved in patent litigation experience a significant increase in the likelihood of winning their cases. This effect remains robust across different specifications.

We also explore the mechanisms behind these outcomes and find support for the hypothesis that this favoritism arises from courts aligning with the Chinese central government's international agenda. Several important patterns emerge from this exploration. Favorable treatment is notably more pronounced for firms from countries that contribute significantly to the AIIB, suggesting that economic stakes in the relationship influence judicial behavior. Additionally, the effect associated to the AIIB membership is more evident in general courts than in specialized IP courts—which tend to be more insulated from political influence—but diminishes in cases involving patents related to strategic industries identified by the Chinese government—indicating that national strategic priorities can outweigh diplomatic considerations in such instances. Moreover, similar patterns are observed in contexts of broader geopolitical alignment, such as bilateral investment agreements between China and foreign countries, although the effects in these cases are less pronounced. Finally, this judicial favoritism appears to shape corporate behavior: firms from AIIB member countries involved in patent

litigation tend to invest more in complementary assets, likely due to expectations of higher revenue from their patents.

By examining how geopolitical strategy influences judicial decision-making, our paper contributes to several streams of literature. First, it adds to the growing body of work on the implications of economic nationalism for multinational corporations. Prior studies show that foreign firms often face increased regulatory scrutiny when acquiring local firms (Bertrand et al., 2016) or discrimination in patent awards (De Rassenfosse & Raiteri, 2022). They also encounter challenges in local courts (Bhattacharya et al., 2018; Mai & Stoyanov, 2019; Choudhury et al., 2024), especially around IPR protection. We extend this work by demonstrating that discrimination varies: firms from allied countries receive more favorable treatment. This finding aligns with research indicating that economic nationalism and multilateral relationships shape how MNEs are treated (Lubinski & Wadhwani, 2020).

Second, our study contributes to the literature on IPR protection for MNEs operating in less robust IP regimes (Alcácer & Zhao, 2012; Belderbos et al., 2021; Inkpen et al., 2019; Nandkumar & Srikanth, 2016; Zhao, 2006; Chen & Puttitanun, 2005). While previous work assumes uniform protection across foreign subsidiaries, our findings challenge that view. Stronger bilateral ties between home and host countries increase IP protection through two mechanisms: (1) courts grant preferential treatment to subsidiaries from allied countries, and (2) such subsidiaries invest more in complementary assets, further safeguarding their IP rights.

The remainder of this paper is structured as follows. Section 2 present the related literature and the theoretical prediction. Section 3 outlines our empirical strategy and data sources. Section 4 presents the main results, additional analyses and robustness checks. Finally, Section 5 concludes.

2. AIIB membership and patent litigation outcomes

2.1 Economic Nationalism, Geopolitical Alignments, and Judicial Bias in Patent Litigation

Economic nationalism, broadly defined as the prioritization of domestic welfare over foreign interests, has profound implications for legal systems worldwide. Traditionally, courts are expected to function as impartial arbiters of justice, guided by principles of neutrality and fairness. However, a growing body of research demonstrates how economic nationalism permeates judicial processes, systematically disadvantaging foreign firms in litigation.

Mai and Stoyanov (2019) analyze intellectual property litigations in Canada and reveal a 25-percentage-point lower probability of success for foreign firms, attributing this bias to judges' incorporation of national welfare considerations into their rulingsMaiStojanov2018. Similar patterns emerge in the U.S., where Choudhury et al. (2024) find that domestic patent holders and challengers are significantly more likely to prevail in federal courts. Their study also highlights the role of judicial rhetoric, showing that rulings favoring domestic firms often invoke nationalistic justifications.

Notably, these biases may stem from both rational economic considerations and behavioral factors. On one hand, Mai and Stoyanov (2019) argue that judges' decisions align with welfare-maximization principles, making foreign firms less likely to win when protecting their intellectual property would reduce economic benefits for the domestic economy. On the other hand, other studies emphasize behavioral biases in judicial decision-making. For instance, Moore (2002) examines

xenophobic bias in American courts, particularly in jury trials, where foreign litigants are perceived as less trustworthy and more likely to receive adverse verdicts. Similarly, Choudhury et al. (2024) highlight that judicial ideology shapes this bias, with more conservative judges exhibiting greater discrimination against foreign firms.

The concern that local courts may systematically disfavor foreign firms is particularly pronounced in countries where the judiciary lacks independence from the executive branch and operates under its influence, such as China. This issue is also especially relevant in IPR cases, given the increasing significance of knowledge assets in the global economy. As noted by De Rassenfosse and Raiteri (2022), multiple sources, including a U.S. bipartisan Commission on the Theft of American Intellectual Property, have raised concerns that China's patent system, including its enforcement mechanisms, disproportionately benefits Chinese companies at the expense of U.S. and other foreign firms. Indeed, De Rassenfosse and Raiteri (2022) provide evidence that China's patent system systematically discriminates against foreign applicants in strategic industries by leveraging legal mechanisms to prioritize domestic innovation.

Other studies, however, have not found evidence that foreign firms in China are less likely than domestic entities to receive favorable rulings (Love, 2016). Nevertheless, because those studies focus on a limited sample of patent litigations for which public information was available, one cannot rule out the possibility that the Chinese government chose these cases to bolster the perception of strong IPR protection for foreign firms. In this regard, judges might have simply reflected the Chinese government's efforts to reform its IPR system to attract foreign investors (Zhao, 2010; Qian et al., 2023).

Overall, these patterns suggest that courts in general, and especially when consider IPR-related cases, rather than operating in isolation, often reflect and reinforce broader national economic policies. The consequences of this form of legal protectionism for multinational corporations might be severe. Discriminatory legal environments might deter foreign firms from pursuing litigation, weakening their bargaining power and creating uneven competitive landscapes.

However, previous research has overlooked the fact that discrimination is not necessarily homogeneous. Some foreign companies—particularly those from countries perceived as allies—may receive more favorable treatment than others. Although they do not directly examine the legal system, empirical studies offer evidence supporting this claim. For example, Bertrand et al. (2016) show that firms involved in cross-border mergers and acquisitions face differing levels of regulatory scrutiny depending on the political affinity between their home and host countries. Likewise, Lubinski and Wadhwani (2020) demonstrate how multinational enterprises strategically align with host-country narratives to secure favorable treatment within regulatory and legal frameworks.

A key question, then, is whether these findings suggest that courts might reinforce diplomatic alliances by granting legal advantages to firms from aligned nations. In an increasingly multipolar world, where countries might strategically choose to participate in partnerships and alliances, courts may not only favor domestic firms but also those from "friendly" countries, thereby aligning their rulings with the broader geopolitical strategies of their governments. To examine this possibility, we will explore how countries' decisions to become members of the Chinese-led AIIB affect Chinese patent judicial decisions concerning firms from these member countries.

2.2 AIIB Membership as a Geopolitical Signal and Its Influence on Patent Litigation in China

The Asian Infrastructure Investment Bank illustrates China's drive to establish new international institutions where it can wield greater influence, partly in response to its limited role in existing frameworks (Yu, 2017). Headquartered in Beijing and led by China, the AIIB was formed to challenge the dominant influence of established global powers while offering underrepresented nations a more significant voice in the U.S.-dominated international financial system. As Dyer and Parker (2015) note, the AIIB has emerged as "a central issue in the growing contest between China and the US over who will define the economic and trade rules" in the years ahead.

Introduced in 2013 to complement China's Belt and Road Initiative, the AIIB has some structural parallels with traditional development banks such as the World Bank and the Asian Development Bank. For example, the AIIB's organizational setup is largely similar to that of the Asian Development Bank (Chin, 2016). However, while the World Bank underscores U.S. centrality, the AIIB serves a comparable function for China, granting Beijing an effective veto over major decisions (Chin, 2016).

Despite these similarities, the AIIB also departs from other multilateral development banks in important ways. Unlike the World Bank's broad focus on poverty reduction, the AIIB centers exclusively on infrastructure projects. Its lending terms are set at commercial rates, requiring borrowers to demonstrate the capacity to repay, and it pledges minimal direct intervention in domestic policies and governance (Chin, 2016). By expediting procurement, managing risk, and streamlining oversight, the AIIB aspires to provide a more "lean" and "clean" financing alternative, diverging from

the traditional lending models that often involve regulatory constraints, policy conditionalities, and robust social or environmental safeguards (Zhao, Gou & Li, 2019).

The United States initially opposed the AIIB, contending that it would primarily advance China's political objectives by expanding Beijing's regional and potentially global sway (Watt et al., 2015). Washington officials argued that the AIIB might not uphold international standards for transparency, anti-corruption, environmental protection, or labor rights (Chow, 2016). They also expressed concern that the bank could weaken the prominence of U.S.-backed institutions such as the World Bank and the Asian Development Bank.

Nonetheless, 57 countries ultimately joined as founding members, including major Western economies (e.g., the U.K., France, and Germany), large emerging markets (e.g., Brazil and India), and several Asian nations (e.g., Bangladesh, Kazakhstan, and the Philippines), and by 2020, the AIIB has include more than one hundred member countries.

Adherence of a country to a new international organization such as the AIIB is likely to serve as a credible signal of that country's stance in the international arena, largely because it entails both direct and indirect costs. First, AIIB member countries must subscribe to a share of the bank's capital stock, and voting power is proportional to the amount of capital subscribed. Second, there are indirect political costs, as reorienting economic and political engagement toward China is likely to be met with opposition—and possibly retaliation—from the United States. Indeed, the U.S. exerted significant diplomatic pressure on countries, especially its allies, to discourage them from joining (Sobolewski & Lange 2015). For example, the U.S. accused the UK of "constant accommodation"

of China when it became the first Western country to join the AIIB—a rare diplomatic rebuke between countries with a "special relationship" (Rachman, 2015).

We therefore expect that, particularly in a country such as China—where the judiciary is not fully independent from political influence—courts may take into account whether a firm's home country is an AIIB member when making judicial decisions. In other words, Chinese courts are likely to grant more favorable treatment to firms from politically aligned nations. Hence, our key prediction is that firms involved in IPR litigation in China, claiming that their patents have been infringed, will have a higher chance of winning if they come from an AIIB member country.

3. Methodology

3.1 Data and Sample

We construct datasets of foreign and domestic Chinese firms involved in patent infringement lawsuits in mainland China from the following sources: 1) the Orbis IP dataset, which provides case information on patent infringement lawsuits in mainland China and details on litigated patents; 2) the PKU-LAW dataset[1], a legal information company established by Peking University, which collects and maintains laws, regulations, and court cases, providing additional Chinese patent infringement lawsuits not available in the Orbis IP dataset; 3) the IncoPat dataset, a private data provider for global patent data widely used by scholars and patent examiners in China; 4) the BvD Orbis dataset, which provides country origins and key financial metrics for the sampled companies; and 5) AIIB member country information from the AIIB website, along with information on bilateral investment and trade treaties from the UN Trade and Development (UNCTAD).

[1] http://en.pkulaw.cn/about/Services.aspx

We compile the dataset as follows. First, we use the Orbis IP dataset to collect lawsuit data, which includes 8,565 patent infringement lawsuits and 2,515 unique firm plaintiffs filed and ruled in mainland China[2]. We supplement this with an additional 2,042 patent lawsuits manually collected from the PKU-LAW dataset. These two sources of data yield our initial sample includes 10,607 lawsuits and 3,131 plaintiffs, covering cases from 2005 to 2022. We further restrict the time window to around 5 years before and after the establishment of AIIB, which is 2010 to 2022. The final sample we use includes 7,560 lawsuits and 2,747 plaintiffs[3]. This comprehensive sample contains case-level information (plaintiffs, defendants, filing and closing dates, outcomes, courts) and patent-level data (applicants, owners, technology areas, filing and grant dates, claims, citations, patent type). It also includes plaintiff firm details (name, country of origin, financial metrics). For our main analysis, the dataset is structured at the case-patent-plaintiff level. To examine financial reactions to lawsuit rulings, we construct a balanced panel of annual financial data, including total assets, solvency ratio, profit margins, and patenting activity for the sampled firms.

[2] We focus on infringement lawsuits on invention and utility model patents for two reasons. First, invention patents and utility models are patents created to protect technological innovations. Therefore, the features and purposes of these two types of patents are significantly different from those of design patents. Second, Orbis dataset does not include infringement lawsuits of design patents, which restricts the sample scope because we rely on Orbis data to identify the country origins of the plaintiffs.

[3] More than half of our sampled lawsuits do not assign BvD id (a unique id coded by Orbis to track unique entities in their dataset) to the defendants. A lot of these defendants are individuals. Most of the rest firms seem to be Chinese firms judging by the names. For defendants whose BvD id are available, more than 95% of these firms are Chinese firms. There are roughly 50 foreign firms that could be identified as defendants in this dataset.

3.2 Variables

3.2.1 Dependent Variables

Common outcomes of patent infringement lawsuits in China include a favorable ruling for plaintiffs, in which the plaintiffs' complaints are fully or partially supported; a favorable ruling for defendants, in which the infringement complaint is rejected; and withdrawal of the lawsuit by the plaintiff, typically resulting from a settlement. Hence, The main dependent variable, *Plaintiff Win,* is a dummy variable that takes the value of 1 if the plaintiff prevails in the focal infringement lawsuit and zero in any other scenario.

3.2.2 Independent Variables

We construct *AIIB* as the key independent variable[4], which is a dummy variable that takes the value of 1 if the home country of the focal plaintiff is an AIIB member and the lawsuit was ruled after the plaintiff's home country joined the AIIB[5]. Using the Orbis IP dataset, we identify a plaintiff firm's home country by considering the country of the controlling shareholder of the firm[6]. Accordingly, a Chinese subsidiary of a multinational enterprise whose ultimate parent is based in Germany, for example, would be classified as German. Table 1 shows the country/region distribution of the sampled plaintiff firms. Aside from Chinese plaintiffs, the United States, Japan, and Germany are the

[4] The AIIB membership and joining years are collected from the AIIB website: https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html

[5] For the sake of the analysis, we considered both Taiwan and Hongkong as regions different from mainland China, as both could decide whether joining AIIB or not. Hongkong joined AIIB in 2017 as an area member, and Taiwan is not an AIIB member.

[6] We use the default setting of the Orbis dataset, which defines shareholders with 50% or more ownership of a controlled firm as the controlling shareholders.

top countries from which plaintiff firms are most proactive in launching patent infringement lawsuits in China.

3.2.3 Control Variables

We construct control variables at the plaintiff firm, patent, and lawsuit levels, accounting for observable factors that may affect infringement lawsuit outcomes. Most of these controls are possibly not related to our key independent variable, or the timing of the enactment of the AIIB. Yet, they are likely to affect the dependent variable. So, including them is likely to increase the precision of the estimate.

At the lawsuit level, we use *#plaintiff*, which represents the number of plaintiffs initiating the focal lawsuit, capturing the resources that could potentially be allocated to the lawsuit from the plaintiff side. Additionally, case outcomes could be significantly affected by the duration of the lawsuit. Longer cases incur higher costs and greater variation in the chance of settlement. Case duration could also influence the richness and quality of evidence, which ultimately affects the final ruling. Therefore, we define *Case Duration* as the number of years from the case filing year to the case close year, using it as another control variable at the lawsuit level.

At the patent level, we include the following control variables. First, the quality and validity of disputed patents directly affect the ruling outcomes. For instance, when high-quality or crucial patents are involved in patent infringement lawsuits, plaintiff firms are likely to invest more resources to defend the patent, increasing the likelihood of winning the lawsuit. Therefore, we use three measures to capture the quality and importance of the litigated patent. *#Claims* counts the number of claims the litigated patent has. A higher number of claims usually indicates a broader legal scope covered by the

patent, making it more important. *#Family Patents* counts the number of foreign family patents associated with the litigated patent. Family patents are "duplicate" patents filed in foreign countries that protect the same invention as the focal patent. Filing patents in foreign countries requires substantial resources, so family patents serve as indicators of high-influence patents. *#Forward Citations* counts the number of foreign citations the disputed patent has received since filing, a commonly used measure of patent quality in prior literature. In addition to measures of patent quality, we construct *Utility Model*, a dummy variable that takes the value of 1 if the disputed patent is a utility model. The Chinese Patent Office issues two types of patents: invention patents—analogous to utility patents in the United States—and utility models, which are granted without rigorous examination and are therefore considered inferior to invention patents[7]. Thus, utility model patents may yield different patterns of litigation outcomes compared to invention patents.

At the plaintiff-firm level, we construct two control variables to capture the economic prospects of the country of origin. The economy of a firm's home country not only plays an important role in its diplomatic relationship with the host country but also directly affects the resources of the parent firm in the home country that the focal firm could (re-)deploy. Moreover, countries may decide to join the AIIB based on their economic performance. Hence, including variables that reflect a country's economic prospects is essential for obtaining unbiased estimates. Specifically, the first control variable is *GDP per capita*, which is collected from the World Bank Indicators[8]. From the same data source, we construct the second control variable, *GDP growth rate*, which captures the

[7] In China, utility model patents play a crucial but different role in protecting technologies. Firms use utility models as a quick way to secure patent rights.

[8] https://databank.worldbank.org/reports.aspx?source=2&series=NY.GDP.MKTP.CD&country

dynamic process of economic growth in the plaintiff's home country. Finally, we include a series of fixed effects—case close year fixed effects, litigated patent technological area fixed effects, home-country fixed effects, court fixed effects and firm fixed effects—to control for unobservable confounders across different dimensions.

The summary statistics of the full sample are shown in Table 2.

3.3 Model Specifications

Our main analysis examines the effect of joining the AIIB by the home country of a foreign firm in China on the outcome of litigation lawsuits filed by the focal firm. In essence, we estimate a difference-in-differences model that compares the probability of winning a case for treated firms—i.e., those whose ultimate owner is based in a country joining the AIIB—before and after the treatment, relative to control firms. In our preferred specifications, we exclude Chinese firms from the control group, which therefore consists of foreign firms whose home country has never joined—or has not yet joined—the AIIB. Nevertheless, we show that our results remain unchanged when these firms are included. However, we show that our results do not change when including these firms. In practice, we employ the following specification:

$$PlaintiffWin_{ijk} = \beta_0 + \beta_1 AIIB_i + \beta_2 X_{ijk} + \rho_t + \theta_j + \gamma_i + \sigma_k + \epsilon_{ijk} \quad (1)$$

$PlaintiffWin_{ijk}$ represents the lawsuit outcome of case *i*, plaintiff firm *j* and litigated patent *k*. $AIIB_{ij}$ is the major independent variable- whether the home country of plaintiff firm *j* joins the AIIB by the close year of case *i*. X_{ijk} are the series of control variables at the case-, patent- and plaintiff-levels. ρ_t is the case-close-year fixed effect; θ_j is the plaintiff fixed effect; γ_i is the country fixed effect of the plaintiff firm's home country; σ_k is the technology-area fixed effect of the litigated patent. The standard errors are clustered at the country level.

We use a OLS model to estimate the main effect in the baseline estimation. Since the enrollment of AIIB member spreads across time after 2015, the establishment year of the bank, OLS estimation might be subject to "treatment effect heterogeneity", in which the treatment effects across different treatment cohort might not be homogeneous due to the choices of comparison groups or simply a time effect (Callaway & Sant'Anna, 2021; Goodman-Bacon, 2021). We anticipate this should not be a relevant issue in the context of our paper, as most countries entered in the AIIB approximately in the same years. However, as a robustness check, we used the imputation method to proposed by Borusyak et al. (2024).

4. Results

The summary statistics of the full sample plaintiff firms are shown in Table 2, Panel A. The win rate of plaintiffs in our full sample is around 57%, and 40% in the restricted sample excluding Chinese firm plaintiffs. The average number of plaintiffs per lawsuit is 1.3 in the full sample and 1.5 in the sample of lawsuits filed by foreign plaintiff firms. Infringement cases are notably dealt rapidly in China, which takes, on average, half year for all cases and around 8 months for lawsuits filed by foreign plaintiff firms. Furthermore, Chinese plaintiff firms are more likely to defend their utility model patents compared with foreign plaintiffs, reflected by the fact that 58% of lawsuits in the full sample involve utility model patents but the figure declines to 16.5% for lawsuits filed by foreign plaintiffs.

4.1 The effect of joining AIIB on firms' winning likelihood

Our baseline analysis examines the effect of a firm's host country joining the AIIB on the likelihood of winning patent infringement lawsuit in China by the focal firm. We run the specification in Equation 1 using OLS model and report the results in Table 3. Columns 1 to 3 show the estimates

for the full sample, whereas columns 4-6 for the sample excluding Chinese firms. We start with OLS regressions including only case-close-year fixed effect and home country fixed effects and excluding all the control variables. As column 1 shows, the likelihood of winning an infringement lawsuit increases 11.6% after the firm's home country joined AIIB. The positive effects increase to 23.3% (column 2) and 22% (column 3) after we include all the control variables and firm fixed effect, technological-area fixed effect and court fixed effect. All these estimates are statistically significant at the level of 1%.

Including Chinese firms in the "control" group of the baseline estimation might entail an "apple-to-pear" comparison because as domestic players Chinese firms might face different incentive matrix and thus react differently in patent infringement lawsuits than their foreign counterparts. Therefore, we estimate the baseline results using a restricted sample excluding cases filed by Chinese plaintiff firms, shown in Columns 4 to 6 of Table 3. The effects turn out to be slightly larger when we consider the sample incorporating foreign plaintiffs only. The increase in likelihood of winning a patent infringement lawsuit in China after the firm's home country joined the AIIB is 18.1% without control variables (Column 4) and 23.7% when we add all the control variables and the variety of fixed effects (Column 5). Still, these estimates are statistically significant at the level of 1%.

We also take a look at the "dynamic effects" by examining the year-by-year effects before and after the plaintiff's home country joined the AIIB. Specifically, we estimate the effects ranging from 5 years before the AIIB membership to 5 years after the event[9], which are plotted in the Panel A of Figure 1 (full sample) and Panel B of Figure 1 (using the sample excluding Chinese plaintiff firms).

[9] Effects from years long before or after 5 years are included in the -5 or +5 term.

Both plots illustrate a relatively stable pre-trend of the dynamic effects which is not statistically different from zero and document a significant spike in the effect starting from the first year of joining AIIB and lasting till the fifth year and after. The exercise of dynamic effect estimation not only validates the key assumption underlying a difference-in-differences analysis but also demonstrates the persistent positive effects of AIIB over time. Put together, results in Table 3 and Figure 1 confirm that the likelihood of winning patent infringement lawsuits increases significantly after the plaintiff's home country joins the AIIB and that the positive effect endures over time.

4.2 AIIB member contribution

In the baseline results, we document a sudden and significant increase in the likelihood of winning the infringement lawsuits by firms from AIIB member countries. We argue that the underlying mechanism is the increase in economic importance, influence and closeness of the newly enrolled AIIB country from the perspective of China, AIIB's initiator and major sponsor. Following this mechanism, we expect to observe the heterogeneity in the estimated effect of AIIB membership on litigation win rate. Specifically, AIIB member countries which make larger contributions (thereby enjoying larger shares of votes) should see more significant effects.

To examine the mechanism through economic contribution, we split the sample by economic contributions each member country has made. Specifically, we rank all AIIB member countries from largest to smallest by their total subscription using the data released by the AIIB[10] and construct two dummy variables: 1) *Above top 10%* , which takes the value 1 if the focal country ranks among the

[10] https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html. The subscription percentage and voting power are closely related to subscription amount, therefore we use the subscription amount to order all member countries.

top 10% in subscription amount; 2) *Above top 25%* , which takes the value 1 if the focal country ranks among the top 25% in subscription amount. Table 4 shows the results estimated using sub-samples[11] split by *Above top 10%* and *Above top 25%*. In the full sample, the increases in the likelihood of winning infringement lawsuits post-AIIB are statistically significant and economically large for firms whose home countries make larger contributions (Columns 1 and 5) whereas the effect turns smaller and statistically undistinguishable from zero for firms whose home countries make smaller contributions (columns 2 and 6). Similar to the baseline results, the effects become bigger when we restrict the sample by excluding cases filed by Chinese plaintiffs (Columns 3, 4, 7, 8)[12]. The pattern that the main effect captured in the baseline results mostly concentrates on the subsample of firms whose home country contributes more substantially to the AIIB still holds (comparing Column 3 with Column 4, and Column 7 with Column 8). Together, results in Table 4 suggest that the increase in likelihood of prevailing in infringement lawsuits stems, at least partially, from the importance of the firm's home country in the AIIB.

4.3 Specialized IP courts

In this section, we explore court heterogeneity. The pattern observed in the baseline results—namely, that courts tend to show "friendlier" attitudes toward firms whose home countries are economically aligned with the host country—relies on the assumption that judicial rulings are not

[11] These are samples conditional on the home country of the firm joins AIIB. The sample also includes all Chinese plaintiff firms.

[12] Note that the results for the "rest firms" (firms from countries whose contribution ranking are below 10%, or below 25%) do not change when we use the sample excluding Chinese firms compared with when we use the full sample. This is because China is the largest subscription contributor for AIIB. The sample excluding the top 10% or 25% subscription contributor does not include China, which, therefore, yields the same sample excluding China or not.

entirely impartial. To examine this heterogeneity, we focus on a Chinese judicial reform enacted in 2014, which established three specialized IP courts in Beijing, Shanghai, and Guangzhou. These specialized courts employ judges with expertise in IP-related lawsuits, aiming to enhance the efficiency and consistency of case outcomes (Liguo & Lee, 2018; Hong et al., 2022). Therefore, we expect to find that the positive effects are mitigated in these specialized IP courts, where rulings are more likely to be based on evidence and professional judgment.

Empirically, we split the sample into lawsuits handled by IP courts and those handled by regular courts, and run the baseline analysis in Equation 1 on each subsample. As shown in Table 5, the positive effects on winning infringement lawsuits are most pronounced in lawsuits handled by regular courts other than IP courts, regardless of whether the sample includes Chinese plaintiff firms (Columns 2 and 4, Table 5). Furthermore, we examine whether the win rates differ between Chinese plaintiff firms and foreign firms when cases are processed by IP courts versus regular courts. Columns 5 and 6 of Table 2 show that foreign plaintiffs are more likely to win in infringement lawsuits processed by IP courts, while domestic Chinese firms have a higher likelihood of winning in regular courts. This pattern supports our prediction that IP courts are more likely to yield "impartial" rulings—namely, outcomes that are not influenced by local nepotism. In sum, the empirical analyses of lawsuits handled by both IP courts and regular courts support the mechanism that Chinese courts rule more in favor of foreign firms whose home country has joined the AIIB, due to shared economic interests.

4.4 Bilateral investment treaty and free trade agreement

If the positive effect of the AIIB on the likelihood of winning is primarily driven by the economic closeness between China and the plaintiff's home country, it follows that other similar trade or

investment partnerships with China should generate comparable effects on infringement lawsuit win rates. For example, countries that share the same investment treaties and trade agreements with China should receive more favorable treatment in infringement lawsuits, following the same mechanism underlying the AIIB effect.

To examine whether trade or investment partnerships with China generate similar effects as the AIIB, we explore China's foreign investment and trade relationships using data from UNCTAD (United Nations Conference on Trade and Development)[13]and construct three dummy variables: 1) *Bilateral Investment Treaty (BIT),* which takes the value 1 if the focal country has established an investment treaty with China by the lawsuit close year; 2) *Free Trade Agreement (FTA),* including investments provisions, which takes the value 1 if the focal country has established a trade agreement with China by the lawsuit close year; 3) *Both BIT and FTA*, which takes the value 1 if both BIT and FTA are established by the lawsuit close year. We then insert these dummy variables into the baseline specification described in Equation 1, separately and with the AIIB variable. Table 6 presents the results. When we consider the effects of BIT and FTA alone (Columns 1 and 4 of Table 6), both variables show positive effects, but these effects are not statistically distinguishable from zero. The effects of BIT and FTA on the likelihood of winning become more significant when a firm's home country maintains both investment and trade relationships with China (Both BIT and FTA, Columns 3 and 6). When we retain the AIIB variable in these regressions, we find that the effect of AIIB on the likelihood of winning is: 1) still positive and statistically significant; 2) larger than the effect of BIT and FTA. These results suggest that, similar to the bilateral investment and trade relationships,

[13] https://investmentpolicy.unctad.org/international-investment-agreements/countries/42/china

AIIB's positive effect on the winning rate is likely driven by the close economic relationship between the home country and China.

4.5 Firm growth after AIIB

In this section, we explore whether the positive effects of a plaintiff firm's home country joining the AIIB impact the firm's financial performance, such as firm growth. As widely documented in the literature, the biggest challenge for a company operating in a foreign country is the "liabilities of foreignness"—the vulnerabilities and costs a foreign firm faces simply because it is foreign. Therefore, if joining the AIIB improves the local treatment of foreign firms, it is likely that these firms will increase their investment in the host country. To examine this prediction, we collect financial data and patent records from the Orbis IP dataset and assemble a balanced panel of all sampled firms from 2010 to 2020. For multinational companies, we use the financial performance of their Chinese subsidiaries.

We regress Total Assets—a commonly used metric for firm growth—on a dummy variable, AIIB, which takes the value 1 if the home country of the focal plaintiff joins the AIIB in the focal year. We also control for a range of variables, such as firms' profit margins, solvency ratio, and the number of patents in force. Additionally, we include firm- and year-fixed effects and cluster the standard errors at the firm level. We use a sample that includes only foreign companies, as domestic Chinese firms likely face different financial incentives and restrictions. The results are presented in Table 7. Firms' total assets grow significantly after their home country joins the AIIB. The positive effects become slightly smaller but more statistically significant when we control for other firm performance metrics (i.e., comparing Columns 2 and 3 with Column 1). These results suggest that the AIIB membership of the home

country of plaintiff firms not only increases the likelihood of winning infringement lawsuits but also encourages their propensity to invest in the host country, thus providing support for the underlying mechanism.

4.6 Patents in strategic areas

Courts may be biased toward domestic firms when national interests are at stake. Therefore, it is likely that the positive effects of the AIIB on lawsuit win rates are heterogeneous across patents that are closely related to national interests versus those that are not. To examine this heterogeneity, we exploit a set of policies issued by the Chinese government around 2009, which aimed to clearly identify and promote industries and technological areas considered strategically important to the national interest and security[14].

Following the official guidelines provided by the government, we label the litigated patents in our sample as strategic and non-strategic patents and explore whether the effects of the AIIB on the likelihood of winning differ for these two types of patents. As shown in Table 8, the effects of AIIB are both positive and statistically significant for strategic patents and for non-strategic patents when we use the full sample (Columns 1 and 2). However, when we exclude all Chinese plaintiff firms, the

[14] In 2010, the State Council of the People's Republic of China released "The Decision on Accelerating the Cultivation and Development of Strategic Emerging Industries.", which is the major policy lever to promote the strategically important industries. This policy initiative identifies eight strategic emerging industries (SEIs), including new energy (e.g., solar, wind, nuclear energy), energy-saving and environmental protection, next-generation information technology (e.g., 5G, AI, IoT), high-end equipment manufacturing (e.g., robotics, aerospace), biotechnology (e.g., pharmaceuticals, healthcare technologies), new materials (e.g., nanotechnology, advanced composites), clean energy vehicles (e.g., electric vehicles, hydrogen vehicles), digital economy and e-commerce (including AI, big data, cloud computing). The initiative also outlines a variety of government supports for SEIs, including, but not limited to, subsidies, tax breaks for R&D investments, stronger IP protection, and the development of innovation infrastructure, among others. The 2010 initiative effectively serves as the "blueprint" for many subsequent industry policies, such as "Made in China 2025" and China's National Innovation-Driven Development Strategy (2016), thus having significant consequences.

positive effects of AIIB on the likelihood of winning are only retained in the sample comprising patent in non-strategic areas (Columns 3 and 4). In contrast, for strategically important technological areas, foreign plaintiff firms do *not* experience a significantly higher likelihood of prevailing in infringement lawsuits after their home countries join the AIIB. This interesting pattern suggests that the positive effect of AIIB on lawsuit outcomes is more likely a "friendly gesture" or even window dressing to attract foreign FDI. As a result, when it comes to the nation's major priorities and core interests, the positive effect disappears.

4.7 Robustness checks

We run the following analyses to ensure that the above results are robust to different models and samples, as shown in Table 9. First, we to replicate the baseline results from Table 3 and Figures 1, using the Borusyak et al. (2024) approach to address issues that arise when running staggered DiD estimation using regular OLS linear models. As shown in Columns 1 to 6 of Table 9, the results estimated with the adjusted staggered linear model are consistent with our baseline results. Second, the escalation of US-China geopolitical tensions in recent years may have led to worsened lawsuit outcomes for US firms in China, potentially overestimating the effect of the AIIB because US firms are assigned to the "control" group. To mitigate this concern, we exclude all US firms from the sample and re-run the baseline regression. The results remain consistent when only non-US firms are considered (Columns 7 and 8). Third, despite being part of China, Hong Kong is allowed to participate in the AIIB as a regional member, and thus firms from Hong Kong are in the "treated" group of our sample. However, firms from Hong Kong have maintained close economic ties with mainland China and are often treated differently from foreign companies. To address this concern, we exclude firms from Hong Kong and re-run the baseline regressions. The results are consistent

(Columns 9 and 10). Last but not least, one could be concerned that the AIIB membership might have induced firms of the country becoming AIIB members to change their litigation approach, possibly inducing a change in the patent composition. we consider the potential adjustment in litigation strategies by foreign firms after, which might result in confounding effects. Thus, we exclude all lawsuits filed the establishment of the AIIB in 2015 (including), removing any cases that might have been influenced by these newly altered litigation strategies, and re-run the baseline regressions. Columns 11 and 12 of Table 9 show that the baseline results remain robust.

Additionally, we perform the following three robustness checks which are shown in the Appendix. Appendix Table A2 shows the baseline results inserted with three plaintiff financial metrics- total assets, profit margin and solvency ratio- controlling for potential influence of the plaintiff financial performance on the case outcome. Appendix Table A3 shows the baseline results when using a restricted sample in which we exclude cases with foreign defendants[15]. Appendix Table A4 estimates the baseline specification using Logit model since the dependent variable in baseline results is a binary variable. All the results in Appendix tables are consistent with the baseline estimation. Appendix Table A5 shows placebo tests which use 2011, 2012 and 2013 as the "pseudo shock years"- namely the timing of AIIB establishment) and document diminished effects of the "AIIB."

[15] We did not dig deeper in case defendant heterogeneity because defendants of around 2/3 of the lawsuits in our sample lack BvD id, which is a unique tracker for firm entities. For the rest 1/3 lawsuits in which the BvD id are available, 95% of them are Chinese firms. To control for the heterogeneity of defendants, we exclude these cases with foreign defendants.

5. Conclusions

Foreign firms from AIIB member countries enjoy more favorable treatment in Chinese courts, as reflected in a higher likelihood of winning patent disputes. Our findings indicates that courts align with the Chinese government's international objectives, especially for firms from countries that significantly invest in the AIIB—implying that economic stakes shape judicial decisions. Moreover, the effect is stronger in general courts than in specialized IPR courts, which tend to be more insulated from political pressures, and it weakens in disputes involving patents crucial to China's strategic industries, highlighting the primacy of national priorities. Similar patterns emerge in broader contexts of geopolitical alignment, such as bilateral investment agreements, though the effects are less pronounced. Finally, this favorable judicial climate appears to influence corporate decisions: AIIB-member firms involved in patent litigation invest more in complementary assets, likely anticipating enhanced returns from their patents.

By shedding light on the interplay between geopolitical strategy and judicial decision-making, this paper contributes to several strands of literature. First, it adds to the growing body of work on the implications of economic nationalism for multinational corporations. Previous research has found that foreign firms might face greater regulatory scrutiny when they try to acquire a local firm (Bertrand et al., 2016), or they get discriminated against in awarding patents (De Rassenfosse & Raiteri, 2022). When it comes to the legal system, it has been shown that foreign firms usually might face hurdles protecting their rights in local courts (Bhattacharya et al., 2018; Mai & Stoyanov, 2019; Choudhury et al., 2024), especially when it comes to IPR protection. Our work extends this research by showing that the discrimination is not homogenous and, rather, some foreign companies—those

from countries perceived as allies—might even get more favorable treatment. In this regard, our work aligns with and expands previous research showing that economic nationalism, by influencing the multilateral relationships between countries, might also determine differential treatment for MNEs from different countries (Lubinski & Wadhwani, 2020).

Second, this research contributes to the scholarly discourse on intellectual property rights (IPR) protection for multinational enterprises (MNEs) operating in foreign jurisdictions, particularly those characterized by less robust IP regimes (Alcácer & Zhao, 2012; Belderbos et al., 2021; Inkpen et al., 2019; Nandkumar & Srikanth, 2016; Zhao, 2006; Chen & Puttitanun, 2005). A key assumption in this research stream has been that IPR protection within a given country is relatively uniform for all foreign subsidiaries. Our study challenges this assumption, providing evidence that it may no longer hold in the current context of globalization's challenges and the emergence of new world order structures. Specifically, our findings demonstrate that stronger bilateral relationships enhance IP protection in host countries through two primary mechanisms. First, the positive signal of a closer bilateral relationship incentivizes local courts to provide preferential treatment to foreign subsidiaries. Second, foreign subsidiaries are more likely to allocate resources in complementary assets in host countries with stronger ties to their home country, which further enforce their capability to protect their IP rights.

This work comes with some relevant limitations. First, it focuses solely on the Chinese legal system, raising questions about whether similar patterns might emerge in other jurisdictions—such as the United States or Europe—where foreign firms also operate under varying degrees of political and economic scrutiny. Second, our study does not explore regional differences within China, where

local courts may differ in their responsiveness to national or international diplomatic agendas. Future research could investigate how these nuances shape judicial outcomes and whether our findings hold under other governance structures.

Despite these limitations, our study offers important insights for practitioners and policymakers. For multinational firms, understanding the influence of geopolitical alliances on court decisions can guide strategic choices regarding patent filing, legal resource allocation, and collaborative ventures in host countries. For policymakers, our results underscore how international diplomacy and national interests can affect judicial impartiality, potentially challenging core principles of fairness and uniformity in legal systems. As globalization and shifting geopolitical landscapes continue to alter cross-border economic relations, recognizing and addressing these dynamics will be critical for both corporate and policy decision-makers.

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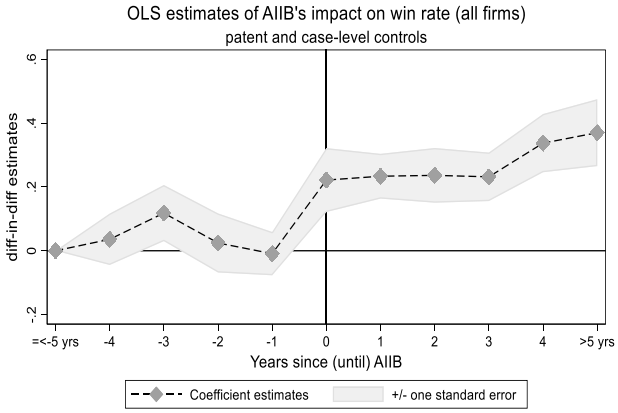
Tables and Figures

Figure 1 The effect of AIIB on patent litigation lawsuit outcome (OLS)

Panel A All firms



Panel B Without Chinese firms

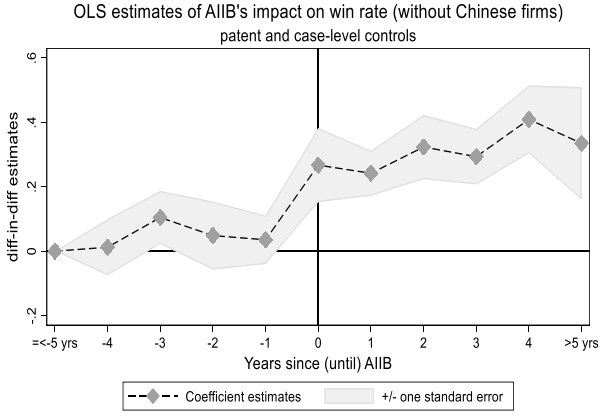
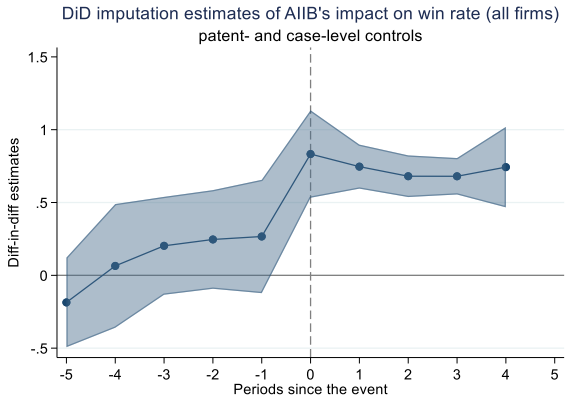


Figure 2 The effect of AIIB on patent litigation lawsuit outcome (Borusyak et al. (2024))

Panel A All firms



Panel B Without Chinese firms

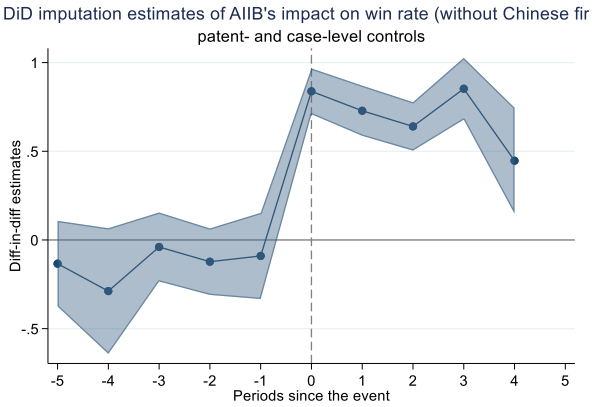


Table 1 Top 10 country/area origins of lawsuits

	#lawsuits initiated by plaintiffs
China	8,099
US	357
Japan	316
Germany	237
Taiwan	156
UK	144
HongKong	132
France	99
Switzerland	90
Netherland	64

Table 2 Summary Statistics

Panel A All Firms

	Min	25%	50%	75%	Max	Mean	SD	N
1 post AIIB member	0	0	0	0	1	0.062	0.241	10061
2 plaintiff win	0	0	1	1	1	0.571	0.495	10061
3 #plaintiff	1	1	1	1	16	1.343	1.254	10061
4 Case duration	0	0	0	1	9	0.496	0.706	9804
5 #claims	1	5	8	12	128	9.525	7.798	9915
6 #family patents	1	1	2	12	341	7.318	15.150	10017
7 #forward citations	0	0	3	6	125	5.675	8.877	10017
8 Utility model	0	0	1	1	1	0.587	0.492	10017
9 GDP per capita of plaintiff's country	3.848	7.347	7.807	8.405	111.044	14.590	16.523	9859
10 GDP growth rate of plaintiff's country	-9.790	4.475	6.750	6.947	14.526	5.638	2.540	9859
11 Strategic area	0	0	0	1	1	0.495	0.500	9932
12 Top 10% contribution	0	1	1	1	1	0.941	0.235	9050
13 Top 25% contribution	0	1	1	1	1	0.970	0.170	9050
14 IP court	0	0	0	0	1	0.180	0.384	10061
15 Bilateral investment treaty with China	0	0	0	0	1	0.120	0.325	10061
16 Free trade agreement with China	0	0	0	0	1	0.091	0.288	10061

Panel B Firms excluding Chinese firms

	Min	25%	50%	75%	Max	Mean	SD	N
1 post AIIB member	0	0	0	1	1	0.317	0.465	1962
2 plaintiff win	0	0	0	1	1	0.402	0.490	1962
3 #plaintiff	1	1	1	2	12	1.565	1.325	1962
4 Case duration	0	0	1	1	7	0.720	0.857	1933
5 #claims	1	7	12	19	128	15.231	12.794	1941
6 #family patents	1	2	11	22	341	18.018	26.491	1949
7 #forward citations	0	0	2	8	108	5.908	10.485	1949

8 Utility model	0	0	0	0	1	0.165	0.371	1949
9 GDP per capita of plaintiff's country	3.848	42.971	47.314	52.129	111.044	48.050	12.728	1760
10 GDP growth rate of plaintiff's country	-9.790	0.956	1.861	2.526	14.526	1.541	2.012	1760
11 Strategic area	0	0	0	1	1	0.413	0.493	1953
12 Top 10% contribution	0	0	0	1	1	0.440	0.497	951
13 Top 25% contribution	0	0	1	1	1	0.716	0.451	951
14 IP court	0	0	0	0	1	0.204	0.403	1962
15 Bilateral investment treaty with China	0	0	1	1	1	0.616	0.486	1962
16 Free trade agreement with China	0	0	0	1	1	0.466	0.499	1962

Table 3 The effect of AIIB on the win rate

DV: plaintiff win	(1)	(2)	(3)	(4)	(5)	(6)
				excluding Chinese	excluding Chinese	excluding Chinese
Sample	all firms	all firms	all firms	firms	firms	firms
Post AIIB membership	0.116***	0.233***	0.220***	0.181***	0.237***	0.231***
	(0.0323)	(0.0474)	(0.0432)	(0.0485)	(0.0594)	(0.0543)
#plaintiffs		-0.00578	-0.0130		-0.0349	-0.0552*
		(0.00815)	(0.00929)		(0.0330)	(0.0308)
case duration (years)		0.0424***	-0.00174		0.0864***	0.0228
		(0.0112)	(0.00907)		(0.0121)	(0.0207)
#claims		0.000215	-0.000122		-0.000775	-0.000283
		(0.00102)	(0.000771)		(0.000975)	(0.00119)
#family patents		9.60e-05	-7.04e-05		0.00149	0.000666
		(0.000819)	(0.000644)		(0.00110)	(0.000975)
#forward citations		-0.000377	0.00100**		0.00134	0.00243
		(0.000506)	(0.000428)		(0.00144)	(0.00148)
Utility model		0.0191*	0.0131		0.0593	0.0779
		(0.0108)	(0.00882)		(0.0555)	(0.0558)
GDP per capita of plaintiff's country		0.0206	0.0184		0.0352	0.0296
		(0.0128)	(0.0147)		(0.0219)	(0.0196)
GDP growth rate of plaintiff's country		-0.0142	-0.00572		-0.00159	0.00355
		(0.00886)	(0.00851)		(0.0114)	(0.00749)
Constant	0.564***	0.359**	0.373**	0.345***	-1.367	-1.026
	(0.00199)	(0.150)	(0.180)	(0.0154)	(1.066)	(0.944)
Court FE	N	N	Y	N	N	Y
Plaintiff firm FE	N	Y	Y	N	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Tech area FE	N	Y	Y	N	Y	Y
Country FE	Y	Y	Y	Y	Y	Y
Observations	10,051	8,073	8,068	1,952	1,364	1,359
R-squared	0.186	0.646	0.694	0.293	0.623	0.712

Note: All columns include year FE and country FE. Columns 2 and 4 add tech area and firm FE. Columns 3 and 6 add court FE. *** p<0.01, ** p<0.05, * p<0.1

Table 4 The effect of AIIB on the win rate (AIIB country contribution amount)

DV: plaintiff win	(1)	(2)	(3)	(4)	(5)
Subsample	Above top10%	the rest	Above top10% excluding Chinese firms	the rest excluding Chinese firms	Above top25%
	all firms	all firms			all firms
Post AIIB membership	0.331**	0.146	0.610***	0.146	0.248***
	(0.0987)	(0.147)	(0.0376)	(0.147)	(0.0493)
#plaintiffs	0.00103	-0.0222	0.0195	-0.0222	0.000720
	(0.00154)	(0.0567)	(0.0226)	(0.0567)	(0.00494)
case duration (years)	0.0348***	0.0985***	0.116**	0.0985***	0.0401***
	(0.00662)	(0.0261)	(0.0216)	(0.0261)	(0.0112)
#claims	0.00218*	-0.00574***	0.00393	-0.00574***	0.00269**
	(0.000854)	(0.00120)	(0.00268)	(0.00120)	(0.00117)
#family patents	-0.000819*	0.00324**	0.000519	0.00324**	-0.000452
	(0.000321)	(0.00142)	(0.00462)	(0.00142)	(0.000654)
#forward citations	-0.000592	0.00124	0.00436	0.00124	-0.000745*
	(0.000474)	(0.00161)	(0.00469)	(0.00161)	(0.000385)
Utility model	0.0205	-0.0224	0.0909	-0.0224	0.0183
	(0.0131)	(0.0961)	(0.172)	(0.0961)	(0.0102)
GDP per capita of plaintiff's country	0.0470**	0.0530	0.0748	0.0530	0.00891
	(0.0156)	(0.0505)	(0.0545)	(0.0505)	(0.0227)
GDP growth rate of plaintiff's country	-0.0658***	0.00759	-0.0632**	0.00759	-0.0313
	(0.00739)	(0.0193)	(0.0175)	(0.0193)	(0.0174)
Constant	0.578***	-2.417	-3.174	-2.417	0.678***
	(0.103)	(2.610)	(2.261)	(2.610)	(0.134)
Year FE	Y	Y	Y	Y	Y
Tech area FE	Y	Y	Y	Y	Y
Country FE	Y	Y	Y	Y	Y
Plaintiff firm FE	Y	Y	Y	Y	Y
Observations	7,046	430	337	430	7,261
R-squared	0.641	0.623	0.568	0.623	0.635

Note: All columns include year FE, tech area FE, country FE and firm FE. *** p<0.01, ** p<0.05, * p<0.1

Table 5 The effect of AIIB on the win rate (IP courts)

DV: plaintiff win	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Subsample	**IP courts**	**the rest**	**IP courts excluding Chinese firms**	**the rest excluding Chinese firms**	**IP courts**	**the rest**
	all firms	**all firms**			**all firms**	**all firms**
Post AIIB membership	0.0877	0.258***	-0.271	0.294***		
	(0.0696)	(0.0517)	(0.189)	(0.0694)		
Chinese plaintiff					-0.137**	0.0617*
					(0.0529)	(0.0312)
#plaintiffs	-0.0147	-0.00636	0.00840	-0.0530*	-0.0160	0.0123*
	(0.0336)	(0.00830)	(0.0855)	(0.0257)	(0.0117)	(0.00681)
case duration (years)	0.0410*	0.0621***	0.105	0.0960***	-0.0472**	0.0414***
	(0.0195)	(0.00974)	(0.0798)	(0.0207)	(0.0207)	(0.00604)
#claims	-0.00168	0.000385	-0.00178	-0.00109	0.000696	0.00200
	(0.00259)	(0.00113)	(0.00366)	(0.000956)	(0.00164)	(0.00124)
#family patents	0.000916	0.000222	0.00589	0.00165	0.00450**	0.000996**
	(0.00227)	(0.000829)	(0.00703)	(0.000988)	(0.00194)	(0.000412)
#forward citations	-8.18e-05	-0.000326	-0.000395	0.000599	0.00757***	0.00337***
	(0.00138)	(0.000542)	(0.00300)	(0.00155)	(0.00163)	(0.000389)
Utility model	0.00985	0.0264*	-0.250	0.0332	0.0761***	0.183***
	(0.0667)	(0.0129)	(0.163)	(0.0843)	(0.0223)	(0.0192)
GDP per capita of plaintiff's country	0.00682	0.0271	0.00217	0.0424*		
	(0.104)	(0.0161)	(0.0899)	(0.0211)		
GDP growth rate of plaintiff's country	-0.00757	-0.0189	0.0442	-0.00178		
	(0.0450)	(0.0117)	(0.0311)	(0.0134)		
Constant	0.549	0.298*	0.489	-1.703	0.603***	0.324***
	(1.419)	(0.172)	(4.545)	(1.008)	(0.0688)	(0.0398)
Year FE	Y	Y	Y	Y	Y	Y
Tech area FE	Y	Y	Y	Y	Y	Y
Country FE	Y	Y	Y	Y	N	N
Plaintiff firm FE	Y	Y	Y	Y	N	N
Observations	1,301	6,570	249	1,057	1,697	7,969
R-squared	0.694	0.671	0.690	0.621	0.158	0.282

Note: All columns include year FE and tech area FE. Columns 1 to 4 add country and firm FE. *** p<0.01, ** p<0.05, * p<0.1

Table 6 The effect of BIT/FTA on the win rate

DV: plaintiff win	(1)	(2)	(3)	(4)	(5)	(6)
Sample	excluding Chinese firms	excluding Chinese firms	excluding Chinese firms	excluding Chinese firms	excluding Chinese firms	excluding Chinese firms
Bilateral investment treaty (BIT)	0.0895	0.0853		0.131*	0.124	
	(0.0799)	(0.0810)		(0.0736)	(0.0784)	
Free trade agreement (FTA)	0.0724	0.134**		0.0181	0.0943	
	(0.0610)	(0.0575)		(0.0822)	(0.0561)	
Both BIT and FTA			0.132**			0.0952*
			(0.0551)			(0.0544)
AIIB		0.225***	0.225***		0.250***	0.250***
		(0.0576)	(0.0575)		(0.0643)	(0.0642)
#plaintiffs				-0.0328	-0.0347	-0.0347
				(0.0339)	(0.0332)	(0.0332)
case duration (years)				0.0810***	0.0864***	0.0863***
				(0.0125)	(0.0121)	(0.0120)
#claims				-0.000744	-0.000767	-0.000772
				(0.000956)	(0.000955)	(0.000958)
#family patents				0.00122	0.00145	0.00145
				(0.00101)	(0.00110)	(0.00110)
#forward citations				0.00168	0.00133	0.00133
				(0.00146)	(0.00146)	(0.00146)
Utility model				0.0655	0.0616	0.0616
				(0.0576)	(0.0563)	(0.0563)
GDP per capita of plaintiff's country				0.00950	0.0351	0.0351
				(0.0225)	(0.0229)	(0.0229)
GDP growth rate of plaintiff's country				0.00344	0.000683	0.000740
				(0.0132)	(0.0116)	(0.0116)
Constant	0.329***	0.227***	0.283***	-0.156	-1.506	-1.419
	(0.0551)	(0.0600)	(0.0376)	(1.060)	(1.082)	(1.114)
Year FE	Y	Y	Y	Y	Y	Y
Tech area FE	Y	Y	Y	Y	Y	Y
Country FE	N	N	N	Y	N	N
Plaintiff firm FE	Y	Y	Y	Y	Y	Y
Observations	1,545	1,546	1,546	1,364	1,364	1,364
R-squared	0.603	0.609	0.609	0.618	0.624	0.624

Note: All columns include firm FE, year FE and tech area FE. Column add country FE. *** p<0.01, ** p<0.05, * p<0.1

Table 7 The effect of AIIB on the financial performance of plaintiffs

DV: Total assets	(1)	(2)	(3)	(4)	(5)
Sample	excluding Chinese firms	excluding Chinese firms	excluding Chinese firms	excluding Chinese firms	excluding Chinese firms
AIIB	2,950*	2,040**	2,022**		
	(1,665)	(869.8)	(868.7)		
5 years before				-3,639	-2,703**
				(2,298)	(1,216)
4 years before				-4,212	-3,458**
				(2,517)	(1,386)
3 years before				-3,122	-2,606**
				(1,925)	(928.4)
2 years before				-2,433	-1,688**
				(1,682)	(744.4)
1 year before				-429.6	-721.9**
				(327.5)	(326.0)
1 year after				46.31	-167.7
				(122.8)	(327.8)
2 years after				293.9	55.93
				(377.7)	(441.8)
3 years after				760.6*	108.4
				(394.8)	(345.5)
4 years after				1,340**	575.1
				(607.3)	(506.9)
5 years after				2,940***	2,192***
				(855.3)	(537.2)
# patents in force	1.405***	0.871***	0.863***	1.414***	0.579*
	(0.292)	(0.261)	(0.254)	(0.288)	(0.332)
Profit margin			2.241		1.125
			(6.400)		(5.762)
Solvency ratio		12.06**	11.77*		4.556
		(5.419)	(6.128)		(2.896)
#employees					0.377**
					(0.169)
Constant	-618.2	-2,232**	-2,218**	120.9	-1,551**
	(620.2)	(999.3)	(1,016)	(340.1)	(730.6)
Plaintiff firm FE	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y
Observations	1,517	1,517	1,517	1,517	1,278
R-squared	0.704	0.760	0.760	0.712	0.832

Note: All columns include year FE and firm FE. The unit for the original value of the dependent variable *Total Assets* is thousand US dollars. For aesthetic purpose, we divided the original value by 1000. *** p<0.01, ** p<0.05, * p<0.1

Table 8 The effect of AIIB on the win rate (OLS model, patents in strategic vs. non-strategic area)

DV: plaintiff win	**(1)**	**(2)**	**(3)**	**(4)**
Subsample	**strategic areas**	**non-strategic areas**	**strategic areas excluding Chinese**	**non-strategic areas excluding Chinese**
	all firms	**all firms**	**firms**	**firms**
Post AIIB membership	0.230***	0.294***	0.180	0.250***
	(0.0714)	(0.0781)	(0.115)	(0.0893)
#plaintiffs	-0.00564	-0.00519	-0.0380	-0.0281
	(0.00774)	(0.0145)	(0.0542)	(0.0406)
case duration (years)	0.0179	0.0565***	0.0926***	0.0681***
	(0.0126)	(0.00749)	(0.0203)	(0.0171)
#claims	-0.000365	0.00165	-0.00175*	0.00109
	(0.00115)	(0.00138)	(0.000858)	(0.00199)
#family patents	0.00106	-0.00299***	0.00143	0.00171
	(0.000775)	(0.000895)	(0.00102)	(0.00276)
#forward citations	2.61e-05	-0.00134**	0.00372	-0.000845
	(0.000962)	(0.000516)	(0.00267)	(0.00175)
Utility model	0.0489**	-0.0595***	-0.141	0.0415
	(0.0222)	(0.0184)	(0.107)	(0.0611)
GDP per capita of plaintiff's country	0.0347	0.0161	0.0579*	0.0279
	(0.0208)	(0.0240)	(0.0305)	(0.0396)
GDP growth rate of plaintiff's country	-0.0280**	-0.00202	-0.0239*	0.00656
	(0.0114)	(0.0121)	(0.0131)	(0.0127)
Constant	0.334	0.342	-2.342	-1.055
	(0.227)	(0.324)	(1.460)	(1.896)
Year FE	Y	Y	Y	Y
Tech area FE	Y	Y	Y	Y
Country FE	Y	Y	Y	Y
Plaintiff firm FE	Y	Y	Y	Y
Observations	3,977	3,872	506	765
R-squared	0.684	0.645	0.702	0.652

Note: All columns include year FE, tech area FE, country FE and firm FE. *** p<0.01, ** p<0.05, * p<0.1

Table 9 Robustness Checks

DV: plaintiff win	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Sample	all firms Borusyak et al. (2024)	all firms Borusyak et al. (2024)	all firms Borusyak et al. (2024)	excluding Chinese firms Borusyak et al. (2024)	excluding Chinese firms Borusyak et al. (2024)	excluding Chinese firms Borusyak et al. (2024)	excluding US firms	excluding US & Chinese firms	excluding HK firms	excluding HK & Chinese firms	excluding cases filed after 2015	excluding cases filed after 2015 & Chinese firms
Post AIIB membership	0.124***	0.226***	0.211***	0.169***	0.195***	0.165***	0.234***	0.239***	0.245***	0.260***	0.311***	0.317***
	(0.0279)	(0.0463)	(0.0355)	(0.0484)	(0.0718)	(0.0371)	(0.0466)	(0.0671)	(0.0509)	(0.0635)	(0.0573)	(0.0672)
#plaintiffs		-0.0119	-0.0176		-0.0984***	-0.0875***	-0.00464	-0.0291	-0.00569	-0.0349	-0.00744	-0.0404
		(0.0123)	(0.0128)		(0.0143)	(0.00713)	(0.00764)	(0.0344)	(0.00810)	(0.0332)	(0.0229)	(0.0400)
case duration (years)		0.0371***	-0.00755		0.0879***	0.00342	0.0433***	0.0930***	0.0417***	0.0860***	0.113***	0.119***
		(0.00760)	(0.00464)		(0.0244)	(0.0114)	(0.0120)	(0.0109)	(0.0109)	(0.0132)	(0.0122)	(0.0315)
#claims		-0.000410	-0.000666		-0.00171**	0.00135***	0.000944	-0.000456	0.000142	-0.000876	-0.00238**	-0.000725
		(0.000891)	(0.000476)		(0.000767)	(0.000344)	(0.00103)	(0.00138)	(0.00103)	(0.000989)	(0.00112)	(0.000678)
#family patents		-4.39e-05	-0.000231		0.00164	0.000668**	0.000246	0.00280***	0.000104	0.00154	-5.46e-05	0.000866
		(0.000810)	(0.000592)		(0.00125)	(0.000307)	(0.00104)	(0.000813)	(0.000826)	(0.00110)	(0.000549)	(0.000575)
#forward citations		0.000498	0.00191*		0.0106***	0.00342	-0.000509	0.00118	-0.000348	0.00148	-0.00220	0.00341*
		(0.00120)	(0.00109)		(0.00289)	(0.00211)	(0.000475)	(0.00152)	(0.000523)	(0.00150)	(0.00201)	(0.00190)
Utility model		0.0258*	0.0217*		0.107	0.0938***	0.0177*	0.0494	0.0179*	0.0508	0.0569*	0.167*
		(0.0140)	(0.0129)		(0.0915)	(0.0249)	(0.0102)	(0.0672)	(0.0102)	(0.0585)	(0.0289)	(0.0946)
GDP per capita of plaintiff's country		0.0321*	0.0213		0.0492	0.00221	0.0220	0.0454	0.0228*	0.0396*	0.0612*	0.0658
		(0.0187)	(0.0178)		(0.0365)	(0.0306)	(0.0158)	(0.0312)	(0.0132)	(0.0212)	(0.0298)	(0.0472)
GDP growth rate of plaintiff's country		-0.0174	0.00378		-0.00828	-0.00397	-0.0144	-0.00269	-0.0157	-0.00519	-0.0223	-0.00463

		(0.0122)	(0.00618)		(0.0197)	(0.00933)	(0.00863)	(0.0115)	(0.00987)	(0.0129)	(0.0193)	(0.0255)
Constant							0.368**	-1.847	0.346**	-1.624	-0.755	-2.957
							(0.176)	(1.474)	(0.150)	(1.042)	(0.499)	(2.229)
Court FE	N	N	Y	N	N	Y	N	N	N	N	N	N
Year FE	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Tech area FE	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Country FE	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Plaintiff firm FE	N	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y
Observations	10,054	9,141	9,141	1,955	1,388	1,691	7,828	1,119	7,976	1,267	2,317	721
R-square							0.642	0.615	0.644	0.605	0.580	0.566

Note: All columns include year FE and country FE. Court FE are added to Columns 3, 6. Tech-area and firm FE are added to Columns 2,3,5-12. Columns 1-6 use Borusyak et al's (2024) imputation model; Columns 7-12 use OLS model. *** p<0.01, ** p<0.05, * p<0.1

Appendix

Table A1 Correlation Matrix

Panel A All Firms

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	**post AIIB member**															
2	**plaintiff win**	0.057														
3	**#plaintiff**	0.053	-0.004													
4	**Case duration**	0.139	-0.016	0.054												
5	**#claims**	0.289	0.059	-0.018	0.051											
6	**#family patents**	0.245	0.044	0.027	0.024	0.369										
7	**#forward citations**	0.050	0.049	-0.111	0.046	0.173	0.132									
8	**Utility model**	-0.252	0.255	-0.129	-0.139	-0.198	-0.181	-0.129								
9	**GDP per capita of plaintiff's country**	0.714	-0.041	0.075	0.137	0.364	0.400	0.040	-0.332							
10	**GDP growth rate of plaintiff's country**	-0.542	-0.086	-0.019	-0.135	-0.312	-0.295	-0.048	0.234	-0.684						
11	**Strategic area**	-0.055	0.074	-0.017	-0.042	0.151	0.112	-0.038	0.097	-0.066	0.064					
12	**Top 10% contribution**	-0.529	0.067	-0.062	-0.115	-0.304	-0.365	-0.068	0.273	-0.750	0.509	0.032				
13	**Top 25% contribution**	-0.319	0.058	-0.024	-0.067	-0.205	-0.275	-0.021	0.209	-0.632	0.342	0.055	0.701			
14	**IP court**	0.100	-0.017	0.036	0.205	0.052	0.027	0.009	-0.009	0.039	-0.030	0.008	-0.012	-0.011		
15	**Bilateral investment treaty with China**	0.703	-0.075	0.076	0.129	0.376	0.387	0.042	-0.347	0.926	-0.685	-0.067	-0.737	-0.501	0.012	
16	**Free trade agreement with China**	0.616	-0.073	0.051	0.104	0.319	0.289	-0.011	-0.314	0.799	-0.607	-0.082	-0.496	-0.484	0.027	0.863

Panel B Excluding Chinese Firms

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	**post AIIB member**															
2	**plaintiff win**	0.506														
3	**#plaintiff**	-0.008	0.037													
4	**Case duration**	0.158	0.170	0.080												

5	**#claims**	0.035	-0.008	0.017	0.068											
6	**#family patents**	-0.100	-0.040	0.094	0.033	0.244										
7	**#forward citations**	0.079	0.036	-0.168	-0.042	0.040	0.134									
8	**Utility model**	0.061	0.061	-0.085	-0.031	-0.248	-0.277	-0.099								
9	**GDP per capita of plaintiff's country**	0.175	0.096	0.024	0.062	0.022	0.163	0.061	-0.071							
10	**GDP growth rate of plaintiff's country**	-0.161	-0.150	0.098	-0.054	0.034	0.007	-0.116	0.028	-0.030						
11	**Strategic area**	-0.029	0.030	-0.013	-0.038	0.033	0.106	0.019	0.066	-0.067	0.097					
12	**Top 10% contribution**	0.000	0.033	-0.024	-0.067	-0.068	-0.207	-0.140	0.058	-0.290	-0.018	-0.078				
13	**Top 25% contribution**	0.086	0.057	0.045	0.005	-0.021	-0.155	-0.007	0.121	-0.493	-0.065	0.074	0.557			
14	**IP court**	0.375	0.215	0.029	0.281	0.071	-0.050	-0.057	0.045	0.123	0.000	-0.043	0.002	-0.007		
15	**Bilateral investment treaty with China**	0.041	0.034	0.026	-0.004	0.059	0.069	0.066	0.014	0.367	-0.125	-0.023	-0.185	-0.037	-0.045	
16	**Free trade agreement with China**	0.029	-0.031	-0.063	-0.042	-0.002	-0.126	-0.163	-0.087	0.127	-0.121	-0.146	0.308	-0.117	0.071	0.389

Table A2 The effect of AIIB on the win rate (Including plaintiff financial controls)

DV: plaintiff win	(1)	(2)	(3)	(4)
Sample	all firms	all firms	excluding Chinese firms	excluding Chinese firms
Post AIIB membership	0.310***	0.284***	0.357***	0.239***
	(0.0650)	(0.0768)	(0.0518)	(0.0601)
#plaintiffs	-0.00768	-0.0223	-0.0198	-0.0392
	(0.0203)	(0.0212)	(0.0424)	(0.0439)
case duration (years)	0.0606***	-0.000623	0.0817***	0.0302
	(0.0131)	(0.0186)	(0.0200)	(0.0255)
#claims	0.000267	0.000771	-0.00138	-9.68e-05
	(0.00160)	(0.00139)	(0.00144)	(0.00185)
#family patents	-0.000236	-0.000444	0.00269**	0.00165
	(0.00161)	(0.00124)	(0.000951)	(0.000961)
#forward citations	-0.000183	0.000938	0.00238	0.00274
	(0.00105)	(0.000958)	(0.00202)	(0.00211)
Utility model	-0.0425	-0.0507***	0.0637	0.0454
	(0.0334)	(0.0175)	(0.0690)	(0.0473)
GDP per capita of plaintiff's country	0.0282	0.0338	0.0515	0.0348
	(0.0215)	(0.0231)	(0.0336)	(0.0277)
GDP growth rate of plaintiff's country	-0.0478**	-0.0384*	-0.0526***	-0.0300*
	(0.0203)	(0.0198)	(0.0172)	(0.0153)
Total assets of the plaintiff	2.65e-09***	1.72e-09**	2.35e-09**	1.54e-09
	(6.31e-10)	(7.96e-10)	(1.05e-09)	(1.16e-09)
Profit margin of the plaintiff	0.000151	-0.000683	-0.000118	-0.00172
	(0.00134)	(0.00115)	(0.00286)	(0.00303)
Solvency ratio of the plaintiff	-0.000320	-0.000323	0.00229	0.00157
	(0.00154)	(0.00114)	(0.00182)	(0.00214)
Constant	0.401	0.314	-2.308	-1.350
	(0.339)	(0.323)	(1.598)	(1.310)
Court FE	N	Y	N	Y
Year FE	Y	Y	Y	Y
Tech area FE	Y	Y	Y	Y
Country FE	Y	Y	Y	Y
Plaintiff firm FE	Y	Y	Y	Y
Observations	3,063	3,053	725	722
R-squared	0.621	0.680	0.586	0.668

Note: *** p<0.01, ** p<0.05, * p<0.1

Table A3 The effect of AIIB on the win rate (Excluding cases with foreign defendants)

DV: plaintiff win	(1)	(2)	(3)	(4)	(5)	(6)
Sample	all firms	all firms	all firms	excluding Chinese firms	excluding Chinese firms	excluding Chinese firms
Post AIIB membership	0.117***	0.232***	0.219***	0.142***	0.230***	0.276***
	(0.0312)	(0.0482)	(0.0437)	(0.0342)	(0.0523)	(0.0590)
#plaintiffs		-0.00544	-0.0125		-0.0266	-0.0394
		(0.00823)	(0.00947)		(0.0247)	(0.0253)
case duration (years)		0.0398***	-0.00354		0.0772***	0.0258
		(0.0126)	(0.0108)		(0.0117)	(0.0155)
#claims		0.000615	0.000241		-0.000780	-8.10e-05
		(0.00123)	(0.000912)		(0.000855)	(0.00116)
#family patents		7.47e-05	-4.07e-05		0.00125	0.000538
		(0.000818)	(0.000622)		(0.000748)	(0.000600)
#forward citations		-2.87e-05	0.00142***		-1.67e-06	0.000709
		(0.000469)	(0.000449)		(0.000867)	(0.000998)
Utility model		0.0179*	0.0120		0.0479	0.0345
		(0.0104)	(0.00816)		(0.0317)	(0.0308)
GDP per capita of plaintiff's country		0.0193	0.0168		0.0270	0.0249
		(0.0131)	(0.0146)		(0.0188)	(0.0179)
GDP growth rate of plaintiff's country		-0.0154	-0.00674		-0.00281	0.00543
		(0.00980)	(0.00881)		(0.00995)	(0.00884)
Constant	0.565***	0.379**	0.397**	0.337***	-0.464	-0.397
	(0.00194)	(0.152)	(0.181)	(0.00580)	(0.541)	(0.531)
Court FE	N	N	Y	N	N	Y
Year FE	Y	Y	Y	Y	Y	Y
Tech area FE	N	Y	Y	N	Y	Y
Country FE	Y	Y	Y	Y	Y	Y
Plaintiff firm FE	N	Y	Y	N	Y	Y
Observations	9,902	7,940	7,935	3,630	2,508	2,496
R-squared	0.188	0.647	0.694	0.252	0.658	0.729

Note: *** p<0.01, ** p<0.05, * p<0.1

Table A4 The effect of AIIB on the win rate (Logit model)

DV: plaintiff win	(1)	(2)	(3)	(4)	(5)	(6)
Sample	all firms	all firms	all firms	excluding Chinese firms	excluding Chinese firms	excluding Chinese firms
Post AIIB membership	0.640***	1.385***	1.661***	0.637**	1.951***	1.647***
	(0.197)	(0.369)	(0.473)	(0.288)	(0.657)	(0.543)
#plaintiffs		-0.0806	-0.219		-0.237	-0.552
		(0.103)	(0.133)		(0.194)	(0.375)
case duration (years)		0.390***	-0.117		0.782***	0.329
		(0.0975)	(0.127)		(0.119)	(0.426)
#claims		0.00188	0.000998		-0.0203	-0.00948
		(0.0129)	(0.0199)		(0.0207)	(0.0513)
#family patents		-7.97e-05	-0.00623		0.0207**	0.0145
		(0.00638)	(0.00592)		(0.0100)	(0.0252)
#forward citations		-0.00456	0.0122**		0.0112	0.0351
		(0.00298)	(0.00556)		(0.0129)	(0.0289)
Utility model		0.134	0.113		0.586	0.506
		(0.117)	(0.0848)		(0.728)	(0.696)
GDP per capita of plaintiff's country		0.271*	0.328		0.693**	1.362***
		(0.160)	(0.203)		(0.298)	(0.401)
GDP growth rate of plaintiff's country		-0.116	-0.0726		-0.0605	0.00471
		(0.0825)	(0.124)		(0.142)	(0.146)
Constant	-13.04***	-15.15**	-18.56**	-15.04***	-38.13***	-66.72***
	(1.034)	(7.402)	(9.449)	(1.090)	(14.61)	(19.05)
Court FE	N	N	Y	N	N	Y
Year FE	Y	Y	Y	Y	Y	Y
Tech area FE	N	Y	Y	N	Y	Y
Country FE	Y	Y	Y	Y	Y	Y
Plaintiff firm FE	N	Y	Y	N	Y	Y
Observations	10,014	5,155	4,955	1,915	797	722
Pseudo R-squared	0.140	0.353	0.469	0.231	0.344	0.522

Note: *** p<0.01, ** p<0.05, * p<0.1

Table A5 The effect of AIIB on the win rate (Placebo test)

DV: plaintiff win	(1)	(2)	(3)	(4)	(5)	(6)
Pseudo shock year	**2011**	**2012**	**2013**	**2011**	**2012**	**2013**
Sample	**Cases before 2015**	**Cases before 2015**	**Cases before 2015**	**Cases before 2015 & excluding Chinese firms**	**Cases before 2015 & excluding Chinese firms**	**Cases before 2015 & excluding Chinese firms**
Post AIIB membership	0.115	-0.00575	-0.124	0.118	0.0322	-0.0627
	(0.0868)	(0.109)	(0.0731)	(0.0803)	(0.128)	(0.0971)
#plaintiffs	-0.0499	-0.0491	-0.0484	-0.0876***	-0.0869***	-0.0860***
	(0.0329)	(0.0329)	(0.0325)	(0.0169)	(0.0172)	(0.0177)
case duration (years)	0.148***	0.146***	0.145***	0.131***	0.130***	0.130***
	(0.0171)	(0.0167)	(0.0165)	(0.0349)	(0.0350)	(0.0340)
#claims	-0.00253*	-0.00266**	-0.00304**	-0.00250	-0.00267	-0.00295
	(0.00122)	(0.00122)	(0.00119)	(0.00191)	(0.00192)	(0.00207)
#family patents	0.000275	0.000283	0.000307	0.000656	0.000670	0.000721
	(0.000360)	(0.000359)	(0.000374)	(0.000719)	(0.000706)	(0.000721)
#forward citations	0.00378	0.00382	0.00386	0.0119**	0.0120**	0.0119**
	(0.00301)	(0.00300)	(0.00304)	(0.00442)	(0.00444)	(0.00443)
Utility model	0.0452	0.0449	0.0460	0.106	0.105	0.108
	(0.0315)	(0.0314)	(0.0318)	(0.118)	(0.118)	(0.118)
GDP per capita of plaintiff's country	0.0576	0.0706	0.0429	0.0640	0.0697	0.0512
	(0.0450)	(0.0494)	(0.0573)	(0.0570)	(0.0655)	(0.0740)
GDP growth rate of plaintiff's country	-0.0149	-0.0160	-0.00383	-0.00218	0.00296	0.00529
	(0.0237)	(0.0239)	(0.0249)	(0.0292)	(0.0289)	(0.0310)
Constant	-0.842	-1.072	-0.585	-2.832	-3.059	-2.170
	(0.841)	(0.908)	(1.049)	(2.634)	(3.054)	(3.429)
Court FE	N	N	N	N	N	N
Year FE	Y	Y	Y	Y	Y	Y
Tech area FE	Y	Y	Y	Y	Y	Y
Country FE	Y	Y	Y	Y	Y	Y
Plaintiff firm FE	Y	Y	Y	Y	Y	Y
Observations	1,456	1,456	1,456	509	509	509
R-squared	0.600	0.599	0.600	0.567	0.566	0.566

Note: *** p<0.01, ** p<0.05, * p<0.1