

## Patents for FinTech Companies

FinTech, where the finance and tech worlds collide. The emerging technology that allows consumers and financial institutions to deliver financial services in an innovative and faster way than the traditional methods. FinTech is allowing investors to conduct their own research, choose stocks, and view their portfolio performance in real time. FinTech is leading the way in advancing consumers' financial situations by leveraging advanced technologies and empowering consumers to take hold of their financial lives, which is leading to a greater comprehension and financial literacy.

FinTech is allowing individuals to compete on the same playing field as financial institutions. In FinTech, bigger does not mean better. FinTech allows for a more narrowly tailored "fit" for the consumer, rather than the "one size fits all" model we have previously seen. FinTech is a growing community and those that will succeed in this area are the ones that continue to lead the way in innovation, new solutions, and ongoing problem solving—behind growth and success lies patents. It is critical that FinTech companies understand how patents fit into their business approach to secure their ideas and platforms.

### Why is it important to file patents in FinTech?

Patents are crucial for FinTech companies, and especially significant for FinTech start-ups. FinTech companies spend time, effort, and costs into development and creating new solutions. When these ideas and technology advancements are not properly filed or protected, it poses a second-mover advantage risk. The companies are starting to realize the need for defense, and the community is seeing a surge in FinTech patents. Outside of protection and defense, there are multiple advantages of patents in FinTech, including:

- Increase market share
- Increases the opportunity for investments (investors like patents backed companies)
- Prevents third-party exploitation (patents protect the functionality of the invention)
- Enhances the company profile and creates a steady revenue stream

In a rush to be the first in the market, protections, such as intellectual property filings, can be neglected. Particularly, patent protection is overlooked, which should be one of the most essential components to a company. It is important for FinTech companies to file patents to retain market share and ward off copycats. Many FinTech companies have lost out to second-mover advantage through not securing patent protections. Companies spend the time, resources, and developmental costs to create new FinTech solutions, and then someone moves in underneath them and takes advantage of those new solutions because they did not file or adequately defend their patents. The tech industry is uniquely beneficial for patent protection. Having a properly registered patent can prevent others from using, making, or selling services based on the protected technology—this secures your place on the market share.

A patent is one of the few assets to a company that can increase value overtime. Patents, in the eyes of an investor, act like a safety blanket. Patents gain market share and increase investments, which aids research and development costs, and in return, creates a greater revenue for the company. Every FinTech success creates a door into the global market for entrepreneurs and investors, leading to the next disruptive innovation, and behind the success, lies a patent. Without a patent, there is no upward projection.

## Types of FinTech Patents

Patenting software and other technological designs is a complex process and if the proper guidelines are not followed, it could lead to the loss of your legal rights. Additionally, patent applications can be time consuming, lengthy, and costly. A company should not go into patent registration on their own. In most cases, it is advantageous to contact a patent attorney to help identify possible paths to registration. There may be various options available to your company, and what is best for you, may not be best for another, which is why researching and discussing your options with an attorney is best. Below, is an overview of the types of FinTech patents and their benefits.

### Provisional Patents

Provisional patents are part of the overall patent process. The U.S. Patent and Trademark Office, known as USPTO, allows an applicant (the inventor) to file a provisional patent, which gives the applicant a label of “patent pending” and a “priority date.” Patent pending informs the public that the inventor has filed a patent application with the proper patent and trademark authorities. This designation serves as a notice to other businesses and inventors that they could be held liable for damages once a patent is issued. Additionally, a “priority date” means they have a place in line. The establishment of a priority date for a patent creates a timeline, and the first one that files an application is the first one to get the patent.

A provisional patent is available for utility patents and not usually available for design patents. This reason for provisional patents is to provide a straightforward method to obtain priority without having to file the entire, formal patent. A provisional patent only requires an adequate description of the invention and will not result in a grant of a patent, it is merely a place in line; to go forward, the applicant will need to file a non-provisional patent.

### Non-Provisional Patents

After filing a provisional patent, an applicant (inventor) will have a period of 12 months to file a non-provisional patent application. It is possible to skip a provisional patent application and file only a non-provisional patent application to receive a patent. However, the non-provisional patent application is longer and requires more details, which can take time and risk the possibility of someone else “getting in line.”

A non-provisional patent application, when properly filed, is placed in a queue to be examined by a Patent Examiner (a provisional patent does not get placed into a queue). Once examined and determined to meet all legal requirements, a Patent may be issued. The non-provisional patent application requires a title, background of the invention, summary of the invention, detailed description of the invention, one or more claims, drawings, and an oath of declaration complying with the applicable rules. The non-provisional application will generally result in receiving a patent a year earlier than going through the provisional to non-provisional, two-step approach. However, if your product needs investors or some sort of disclosure before it is in the final stages of development, the provisional route will allow a protection that the non-provisional route will not be able to provide because the amount of detail needed for the application may be unknown.

### Design Patents (GUI and Physical Designs)

To protect the design of an invention, a design patent will be necessary. Provisional and non-provisional patents are not usually available for design patents. For FinTech companies, it is important to protect

the software and integral parts of a design, but it is equally important to protect the look and feel of the software interface. This protection is offered through a design patent. Usually, you will file a provisional or non-provisional application for utility patents paired with the filing of a design patent. This will protect both the functionality and appearance of the FinTech software.

A utility patent, filed through a provisional and/or non-provisional application will protect the way an article is used and works, and a design patent will protect the way an article looks. If a FinTech company has a product where invention resides both in its utility and appearance, then it will be necessary to obtain both design and utility patents.

### Examples of Granted FinTech Patents

FinTech patents protect a company's new financial products and services that provide a financial technology tool to consumers. This is an innovative field and high in competition. The utilization of technology in the financial market has proved to be an exceptional tool. Here are a few examples of FinTech patents:

#### 1. Palm-Print Payments

- a. Owner: Amazon
- b. Product: The ability to complete a transaction with the wave of a hand. A biometric scanner will link a handprint to your credit card, which allows a palm print to be scanned for payment.
- c. Patent: Amazon filed a patent application in December 2019 and has begun trialing their scanners at certain Whole Foods grocery stores.

#### 2. Blockchain-based Wallet

- a. Owner: Bank of America
- b. Product: A digital currency wallet with various layers of asset access. The wallet will be able to accept different passwords for different funds requested, providing unique security to customers.
- c. Patent: An original application was filed in February 2019, followed by a subsequent filing in March 2021.

#### 3. Digital Currency via Blockchain

- a. Owner: Walmart
- b. Product: A blockchain-based digital currency to serve the unbanked and tying digital currency to regular currency one a 1:1 ratio. It will provide a free or inexpensive place to store funds. Walmart is currently one of the most active players in blockchain.
- c. Patent: A patent was filed in August 2019 and seems to be in a race with Facebook's "Libra" coin. Walmart recently launched a blockchain platform in China to trace food products.

There is an influx in blockchain-based and cryptocurrency patents among FinTech companies. The digital coin era is upon us and expanding rapidly. The expansion requires a need for patents to protect those in the race for financial technology advancements. Patents are never a requirement, but they are highly suggested, and especially critical for FinTech companies.

## Patents attorneys for FinTech Companies

FinTech patents can be particularly complex because of potential design and utility aspects. It is important to speak with an experienced patent attorney before filing with the patent office. The patent attorneys at Blue Seven Content perform thorough searches to avoid infringement cases and to ensure the proper application method for your utility and/or design.

We pursue every avenue to reduce costs for our clients and use the most efficient approach for your application. To ensure that objectives are clearly defined, and budgets are met we offer the majority of our services at a cost-effective fixed fee. Our patent attorneys are here to answer any questions and advise you on the best ways to register and enforce your patent, while avoiding a failed application.