

Technical Paper 05 Version 02  
IP Rights and Patent Strategy  
Our intellectual property strategy  
22<sup>nd</sup> October 2018<sup>1</sup>

**Abstract:**

We have designed a supranational digital currency, EXC, which has a number of advantages over the use of fiat currencies or over the use of cryptocurrencies.

In order for us to proliferate an understanding of the unique design of our environmentally friendly, most secure, easy to use and versatile currency system, we have created specific patented and non-patented strategies.

**Background:**

There are two distinctly different ways to successfully market one's product. One is similar to that of Coca-Cola, whereby one does not explain nor disclose the ingredients of one's unique product, Coca-Cola. This non-disclosure of its ingredients led to Coca-Cola's being one of the most successful companies at marketing in the world for over a hundred years. An example of another successful form of marketing, might be that of pharmaceutical companies, who file patents for the new formulae of medicines and medical products developed from discoveries made by universities and other research institutes. This patent strategy has had a positive impact on the development of medical research as hundreds of billions of dollars, if not trillions, have been spent over the last number of decades, advancing medical research and understanding resulting in nearly doubling human longevity within the developed world.

Having studied the success of the approach of these two types of companies, we have decided to make a distinction between the areas which we would keep confidential, as in the case of Coca-Cola, and the areas where we will make full disclosure.

When we make a filing for a patent, we are mindful that such a filing has one or more of the following features;

1. We wish to demonstrate to a global audience that the idea is unique. This is because the patent office will search their global database. If the underlying idea is not unique, the patent office will not accept the application.
2. The value of the patented idea would be hugely enhanced by the user of the patented idea by announcing that they are using our patented design.
3. We want to test the scalability of the EXC Platform as one of the most fundamental infrastructure platforms to provide convenience of use to all its EXC users.

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## **Security and Store of Value Function**

In this paper, we will explain our thinking of the strategy of intellectual property rights using its (1) security feature and (2) store of value function as examples.

### **Security**

There are many different security mechanisms which can be incorporated into digital currency systems. This is one of the most challenging areas for most people including those within the banking sector; information technology experts have been struggling to explain clearly to the general public.

For example, the concept of distributed ledgers is no different from the concept of disaster recovery. Encryption is another feature which is associated with security. Traceability is an additional feature for increasing security in order to recover stolen value from illegitimate owners of value.

The security of a digital payment system or currency needs to be a fully comprehensive security structure in order to survive over decades or centuries - or even a millennium.

GVE's three-way database tracking security system has been designed to create a system which can operate totally independently from human intervention. With the rapid development of artificial intelligence, GVE's three-way database tracking system could become a critical security feature which may be viewed as a "necessity", a system requiring to be incorporated. (Please see details in our technical paper on "Security".)

### **Store of Value Function**

A further example is that of our design of a digital central bank. In order for artificial intelligence machines to make a rational judgement, it is important that there are a limited number of variables – as opposed to there being an unlimited number of variables. We have designed the digital central bank idea by combining (a) the idea of creating an IMF-like entity (created in 1942), as the central bank of central banks, together with (b) automatic issuance, circulation and a buy back mechanism. In this way, the supply of currency is a function of demand, and will be automatically determined by demand. This contrasts with the current supply of currencies around the world where it is people in central banks who make decisions regarding issuance and the money supply; there is an element here which is somewhat arbitrary.

The utility value of this feature would be crystallised only if this feature were disclosed. It would be difficult to extract the value without disclosing it.

In our patent application, we have included the creation of optional value from the combination of automatic money supply and buy back.

Please see details of our patent at the following link:

[https://www4.j-platpat.inpit.go.jp/cgi-bin/tran\\_web\\_cgi\\_ejje?u=http://www4.j-platpat.inpit.go.jp/eng/translation/20181023000727450110050017658478171F877B5FD2E5EF00FDBB31AFBCA19F81](https://www4.j-platpat.inpit.go.jp/cgi-bin/tran_web_cgi_ejje?u=http://www4.j-platpat.inpit.go.jp/eng/translation/20181023000727450110050017658478171F877B5FD2E5EF00FDBB31AFBCA19F81)

or Use the link [https://www4.j-platpat.inpit.go.jp/eng/tokujitsu/tkbs\\_en/TKBS\\_EN\\_GM101\\_Top.action](https://www4.j-platpat.inpit.go.jp/eng/tokujitsu/tkbs_en/TKBS_EN_GM101_Top.action) and insert 2018-504962 at the Patent application number. Then the site shows unofficial English translation.

## **Need for Supranational Currency**

### **Bancor<sup>2</sup> as a Supranational Currency – a summary of the original concept**

Lord Keynes and Schumacher conceptualised the supranational currency, “bancor”,<sup>3</sup> between 1940- 1942 and proposed introducing it in the middle of World War II. The three points below summarise what Keynes and Schumacher had in mind.

1. Unit of account for tracking international flows of capital,
2. All international trade would be valued and cleared in bancors,
3. Gold could be exchanged for bancors, but bancors could not be exchanged back for gold;
4. In March 2009, the Governor of the People’s Bank of China proposed SDR as the extension of the bancor concept.

In essence, the concept of a supranational currency is associated with a unit of account, a concept which many began to doubt due to its being US dollar based during the 2008 credit crisis.

## **Psychological Effect; Fairness and Patents**

As mentioned in our EXC White Paper, many people, especially younger people, viewed the extraordinary decisions of governments around the world to save financial institutions, especially the shareholders of private sector financial institutions, as illegitimate decisions or “above the law”, knee-jerk measures taken by governments.

This resulted in consumers’ faith in governments being diminished and turning instead towards cryptocurrencies, as represented by Bitcoin. The single most appealing point of Bitcoin to those believers in “crypto” is the fact that there is no backing of any government. No government backing was perceived as “being fair”. A substantial portion of those people who became owners of Bitcoin and other cryptocurrencies believe that some of the governments of developed countries cannot repay the respective government debt without hyperinflation or default.<sup>4</sup>

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<sup>2</sup> Source: <https://en.wikipedia.org/wiki/Bancor>

<sup>3</sup> French banque means ‘bank gold’. This has become bancore.

<sup>4</sup> See [https://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_public\\_debt](https://en.wikipedia.org/wiki/List_of_countries_by_public_debt) Japan’s public sector debt to GDP was 236% in 2017, EU was 83% in 2014, Greece was 182% in 2017, US 108% in 2017, UK 87% in 2017, China 66%, Italy 131% in 2017.

An IMF report mildly pointed out the problems of financial institutions in the Euro area and Japan.<sup>5</sup>

In order to measure up to Keynes' and Schumacher's expectations, the supranational currency requires something more robust than existing currencies. A couple of excellent-sounding ideas - and combinations thereof - might be sufficient to have some psychological effect. However, a patent might be viewed as a truly objective test or confirmation of its uniqueness or it's being an entirely new, creative idea. We have thus filed a patent application within the economic regions known to be most reputable for patents in order to promote the excellence of our idea, while at the same time we have designed everything else to be fair to everyone.

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<sup>5</sup> In the euro area, continued progress on reducing nonperforming loans is essential for shedding legacy crises and lifting an important constraint on credit intermediation (notably in Greece, Italy, and Portugal). More generally, there is a need to improve banks' cost efficiency and profitability, which will require proactive supervision and consolidation in overbanked economies. Appropriate and predictable use of creditor bail-ins and precautionary recapitalizations will be vital for reducing uncertainty and counterparty risk in situations of financial stress as well as for limiting the burden placed on taxpayers. For the whole currency area, completing the banking union remains a priority for placing the financial system on a stronger footing. In Japan, the prolonged low-interest-rate environment and demographic headwinds have gradually weakened the profitability of financial institutions, particularly among regional banks. Increasing fee-based income and diversifying revenue sources, together with consolidation and rationalization, should help boost profitability.