

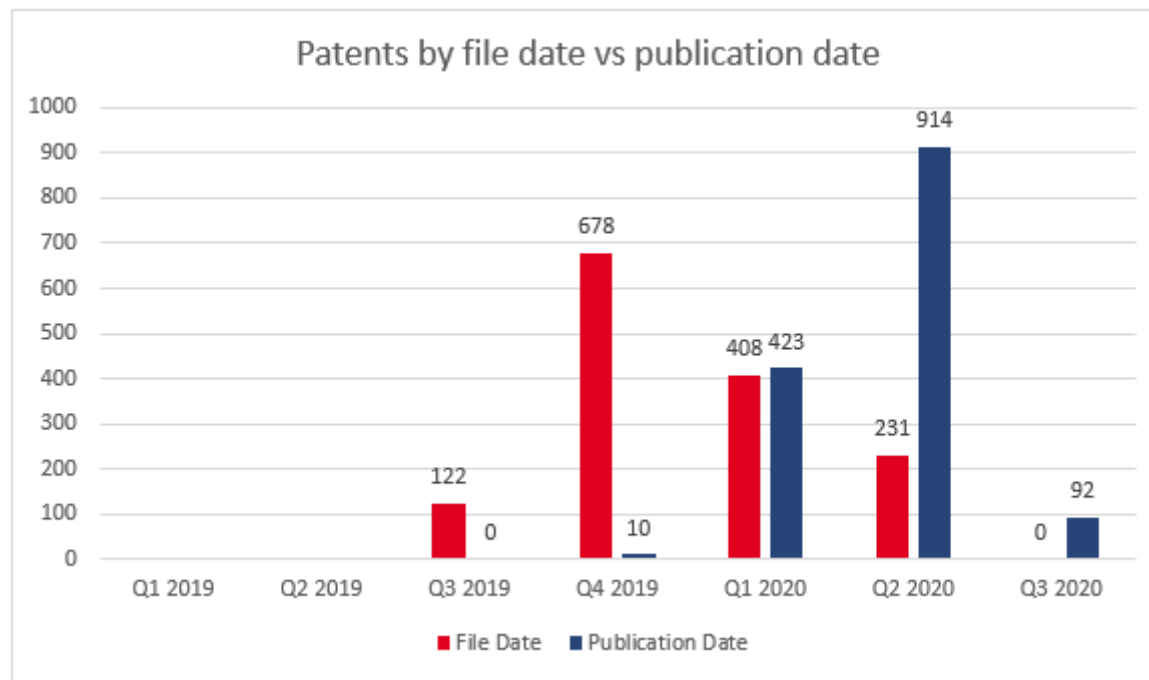
24 Jul 2020 Patent risk profile front and centre in run up to Ant Group's IPO

On Monday *Bloomberg* [broke the news](#) that Ant Group, formerly Ant Financial, is officially planning a dual-listing in Hong Kong and Shanghai. It looks like it will be one of the largest IPO's seen in years with the company reportedly seeking a valuation of at least \$200 billion.

It is not the first time that investors have become excited at the prospect of Ant's stock hitting the market, with [rumours](#) of a public offering circulating in 2018, but this looks like the real deal.

In Q2 2019, the Hangzhou-based company owned zero patents with zero applications in waiting. It now has 1,439 active patents worldwide and its portfolio is growing fast (see graph below). The fourth quarter of 2019 was its busiest in terms of output, with a record 271 patent applications filed in December.

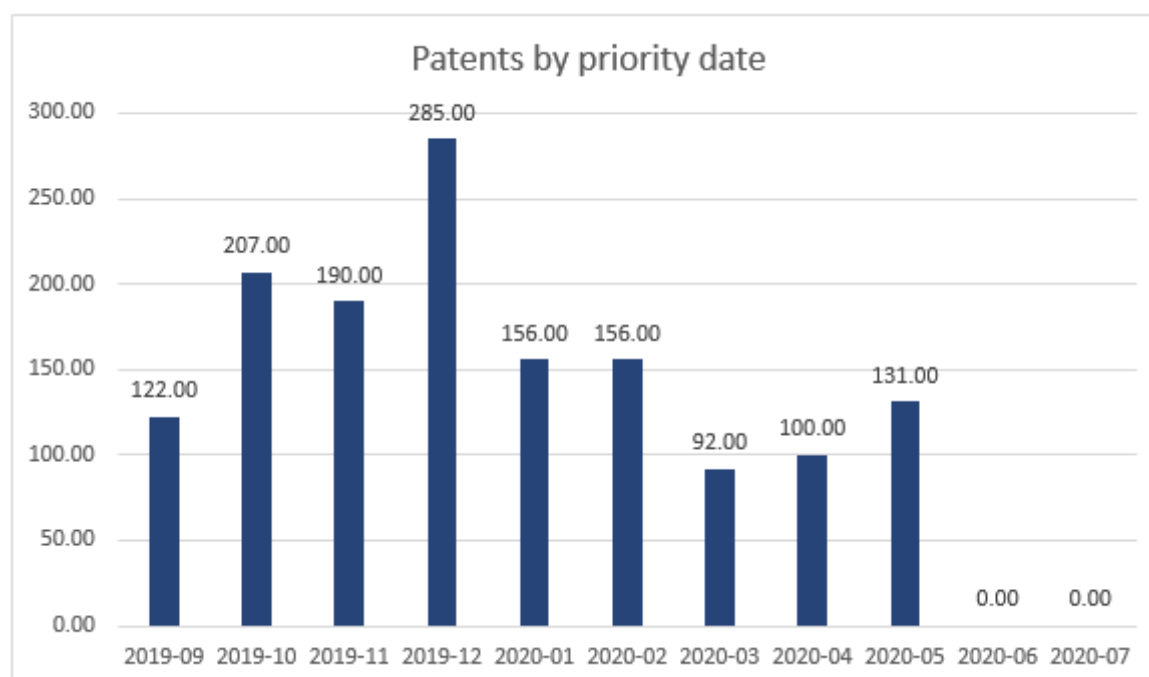
Beijing BestIPR Intellectual Property Agency, Horizon Intellectual Property and Beijing E-Tone Intellectual Property are the firms that have filed the most applications on Ant's behalf.



Source: [Anaqua's AcclaimIP Analytics Software](#); Data is accurate as of 22nd July 2020.

The data for 2019 and 2020 is incomplete given the 18-month lag between when a patent is filed and when it is published.

Looking at the portfolio in terms of priority date gives clear insight into just how young the patents – and relevant technologies they cover – are (see graph below). The oldest priority date goes back only to September 2019.



Source: [Anaqua's AcclaimIP Analytics Software](#); Data is accurate as of 22nd July 2020.

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The explosion in Ant's patent filings is not surprising. A highly profitable technology-based business with a small patent portfolio is a walking target for corporate asserters, as some [learn the hard way](#). This makes it critical for those contemplating going public to shore up their holdings. If Ant's filing strategy shows anything it's how much of a rumour its 2018 IPO was and how serious it is this time around.

Portfolio breakdown

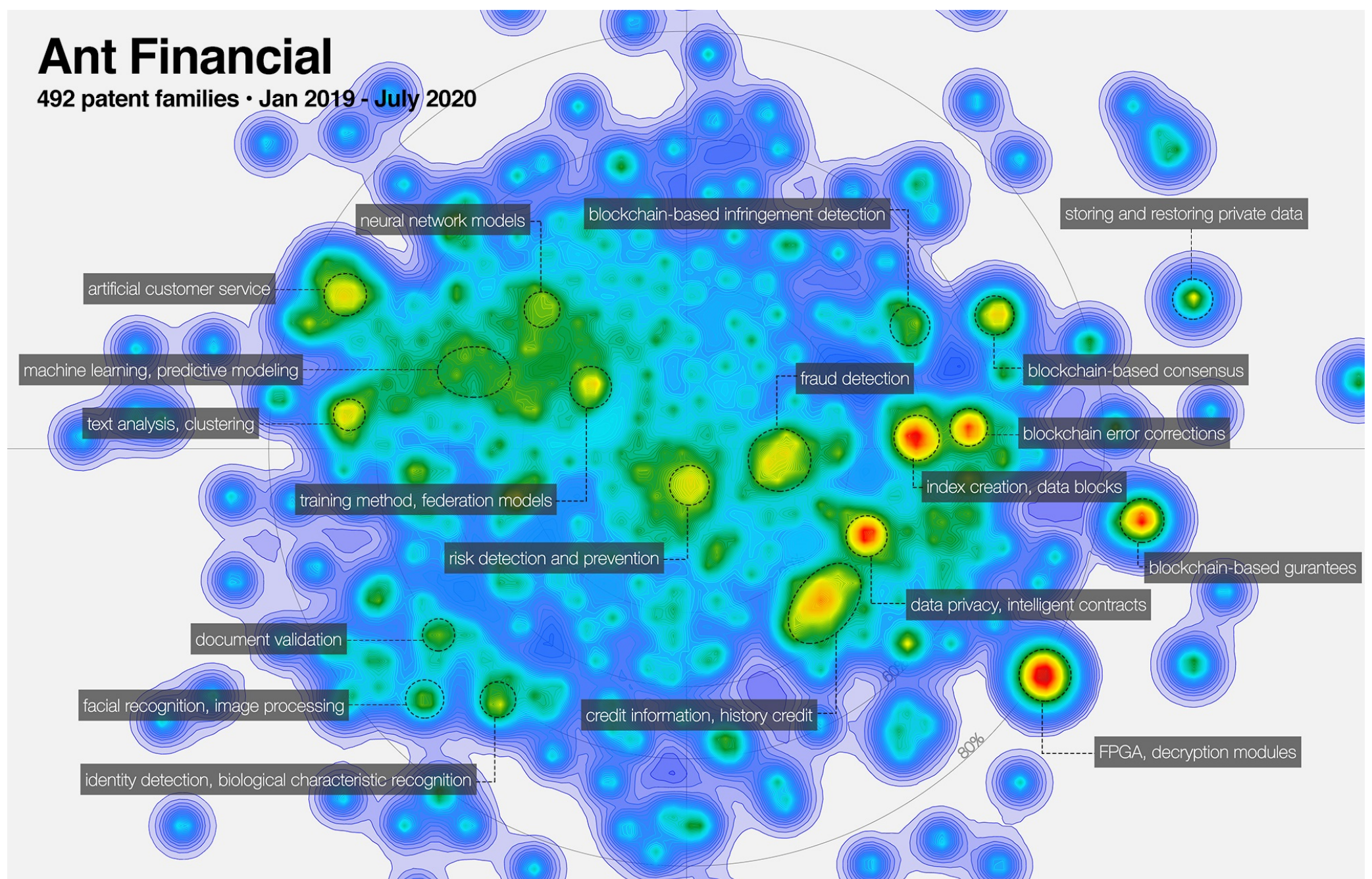
Ant Group was previously known as Ant Financial and before that 2014 rebrand it went by the name of Alipay. It was **initially** an online payment platform that fell under the Alibaba umbrella, but became a separate domestic company fully controlled by Alibaba founder Jack Ma in 2011.

Despite all the name changes, Ant files under its original name Alipay using two companies: Alipay Hangzhou Information Tech Co and Alipay Labs Singapore PTE Ltd. The former is listed on the majority of its filings, with the latter accounting for about 4% of the entire portfolio. Singapore has a history of offering favourable tax rates for those who develop intellectual property there.

Ant's portfolio is application heavy, with 1,367 pending patents and 63 grants. It has one patent granted in the US and 62 in China. The holdings are generally biased to its home jurisdiction, with 1,316 patents applied for in China, five in Singapore, and two in the US. The company has also lodged 53 applications via the PCT.

Most of the company's patents relate to blockchain technology, with an emphasis on fraud detection, credit checks, data processing and AI, according to analysis conducted by **Valuenex** (see image below).

Ant's technological coverage will be of particular interest to investors since the company is trying to **shed its image** as a financial services provider. Instead, it wants to be perceived as "an innovative global technology provider", which is what drove the rebrand in May from Ant Financial Services Group to Ant Group Co.



Source: VALUENEX; see full size image [here](#)

Senior analysts from Valuenex point out that this patent overview is limited because a majority of Ant's portfolio comprises applications. Until these become grants it is difficult to know their quality or validity.

However, we can look at the number of Ant's inventors to get an idea of whether it is seeking quality or quantity. A small number of inventors publishing a large number of patents reflects a focus on quantity, whereas a range of inventors typically shows an interest in quality.

According to Anaqua's AcclaimIP, Ant has a sizeable team of over 90 inventors, who either act on their own or as co-inventors. Notably two of the company's top inventors, Jun Zhou and Weiqiang Wang, are also among Alibaba's most prolific innovators.

IAM says:

*Ant is clearly prioritising patent growth in the run up to its IPO and this is not an unexpected move. This article has focused on the company's organic growth, but Alibaba **transferred** 84 patents to an apparent vehicle of Ant in two deals carried out earlier in the year. Included in these assignments were 40 US assets, as well as a number of European and Asian rights. Since these patents were transacted using a vehicle, they do not show up in our analysis of Alipay, and we do not know whether there are more assignments in the works.*

While this week's patent data makes it difficult to understand the quality of Ant's assets, there is one key thing to remember: Benjamin Bai is spearheading the company's IP strategy. Bai is immensely experienced. He's spent 19 years at some of the world's top law firms and previously led the China IP practice at Allen & Overy. He knows the ins and outs of high-stake litigation and IP licensing. If anyone has the skills to build up a heavy hitting portfolio, it is him.