



COMP6452 Lecture 8: Architectural Patterns for Blockchain Applications

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Outline

- Design Pattern Essential
 - What are Design Patterns?
 - What are Architectural Patterns?
 - Pattern Template
- Architectural Patterns for Blockchain-based Applications
 - Overview
 - Interaction with External World (5 patterns)
 - Data Management (4 patterns)
 - Security (4 patterns)
 - Structural Patterns of Contract (5 patterns)
 - Deployment (2 patterns)
- Summary



Design Pattern Essential

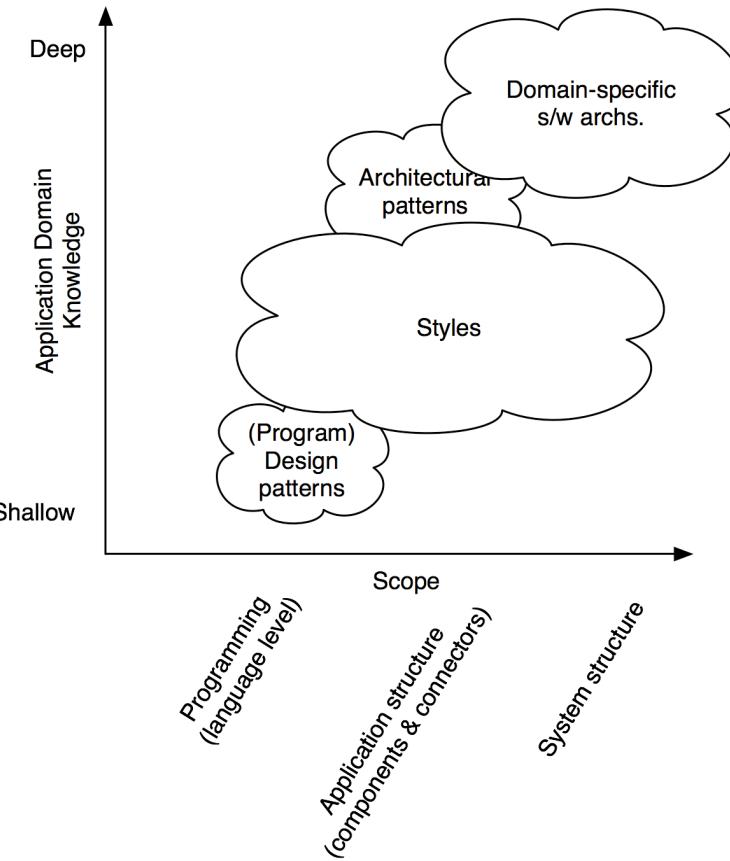
What is Design Pattern?

- To solve a recurring problem in software development
- Not a finished design that can be transformed directly into code
- A description or template for how to solve a problem
 - Define constraints that restrict the roles of architectural elements
 - Processing
 - Connectors
 - Data
 - Define constraints that restrict the interaction among these elements
- Cause trade-offs among quality attributes



Architecture Design

- From scratch
 - Unexpected solutions can be found
 - Labour-intensive and error-prone
- Apply a generic solution/strategy (Architectural style/ Design pattern) and adapt it to the problem
 - Reuse, less work and less errors
 - Generic solution might be ill-fitting or too generic



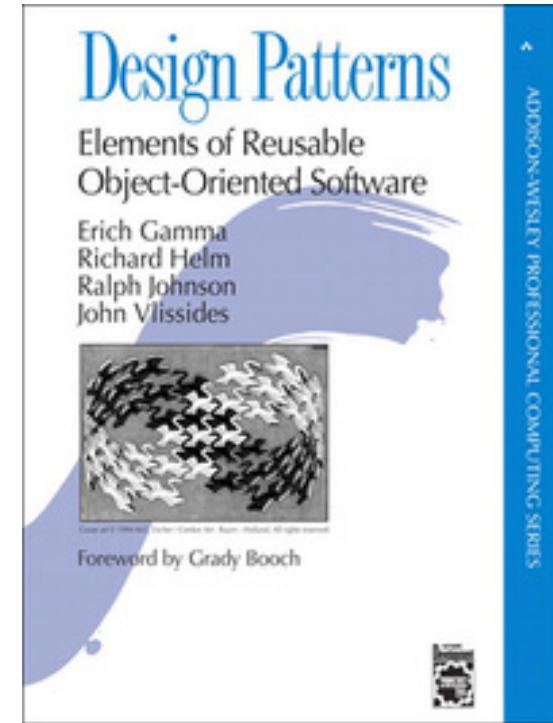
Advantages of Patterns

- Speed up the development process by providing tested, proven development paradigms
 - Design patterns document the efforts of the experts
 - Design patterns concern with a flexible software architecture
- Effective software design requires considering issues that may not become visible until later in the implementation
 - Reuse can prevent subtle issues that can cause major problems
 - No need to reinvent the wheel
- Better code readability for programmers and architects familiar with the patterns

Gang of Four (GoF)

Classic Object Oriented Design Patterns

- GoF are Erich Gamma, Richard Helm, Ralph Johnson and John Vissides
- GoF document 23 classic software design patterns in their book
 - Design Patterns: Elements of Reusable Object-Oriented Software
- The GoF book published at October 1994 and documented design patterns already exist but not documented before



Four Essential Elements

Pattern Name

- Describe a design problem, its solutions and consequences in a word or two

Problem

- Explain the problem and its context
- Conditions must be met

Solution

- Describe the elements that make up the design
- Relationship, responsibilities, and collaborations

Consequence

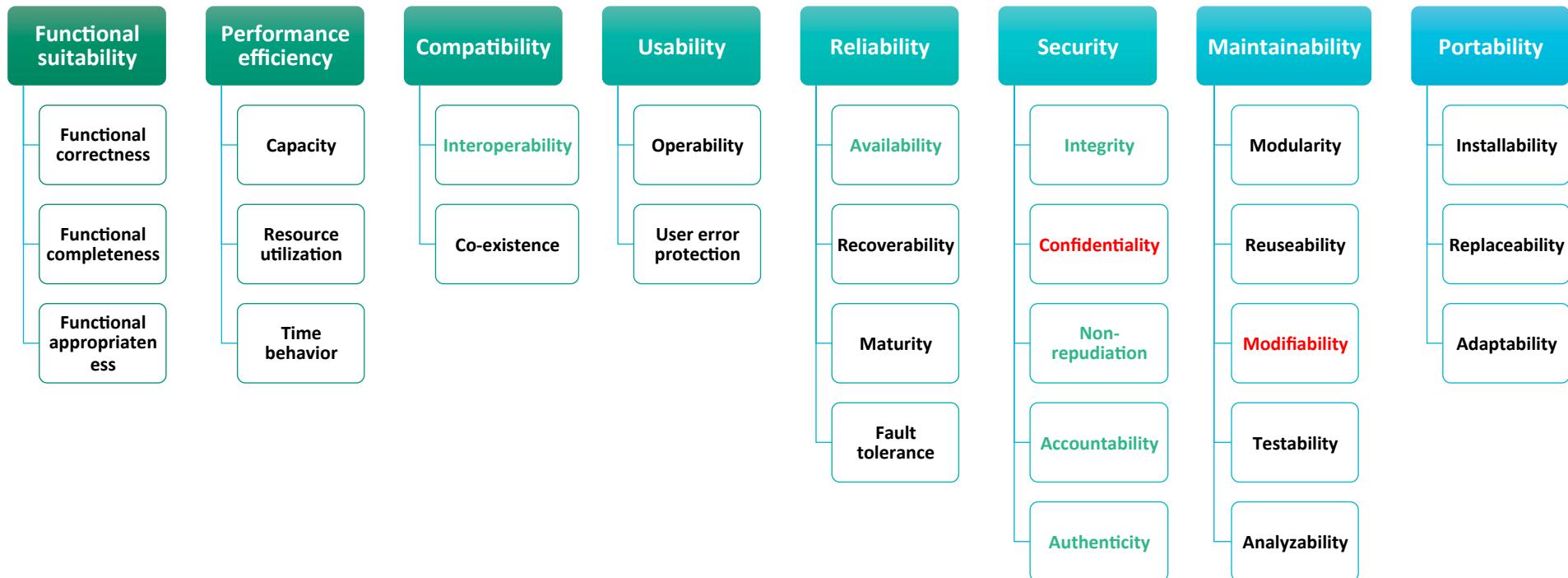
- Results and trade-offs of applying the pattern
- Critical for understanding the costs/benefits

Non-Functional Properties

Non-Functional Properties arise from Architectural Design Choices

- There are two kinds of requirements:
 - Functional Requirements (i.e. what are the inputs and outputs)
 - Non-Functional Requirements (a.k.a. *Qualities*, or *-ilities*)
 - e.g. “Performance” (latency, throughput, ...)
 - e.g. “Security” (confidentiality, integrity, availability, privacy, ...)
 - e.g. Usability, Reliability, Modifiability, ...

ISO/IEC 25010:2011 Quality Model

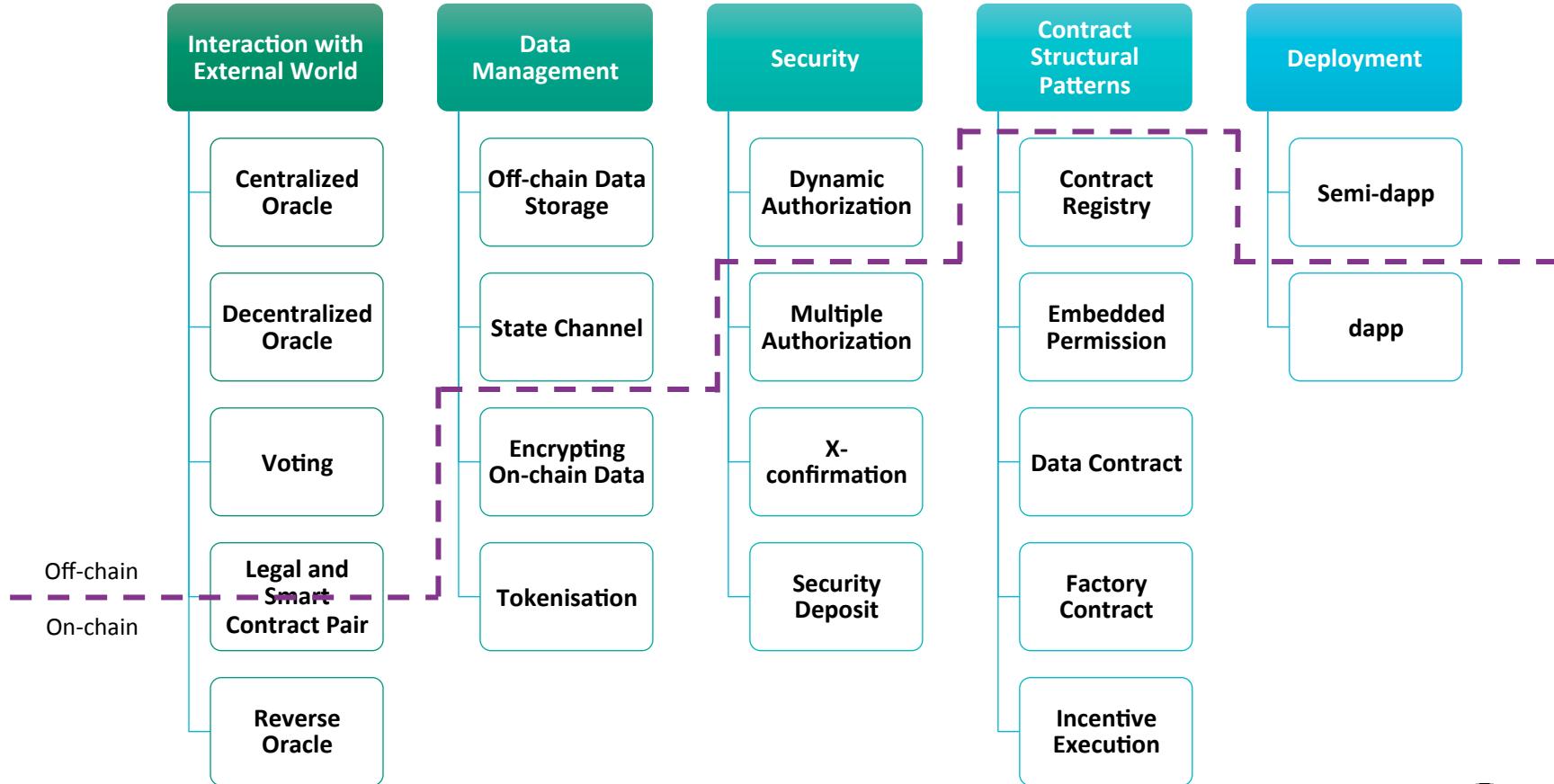


Adopting a design pattern causes trade-offs among quality attributes

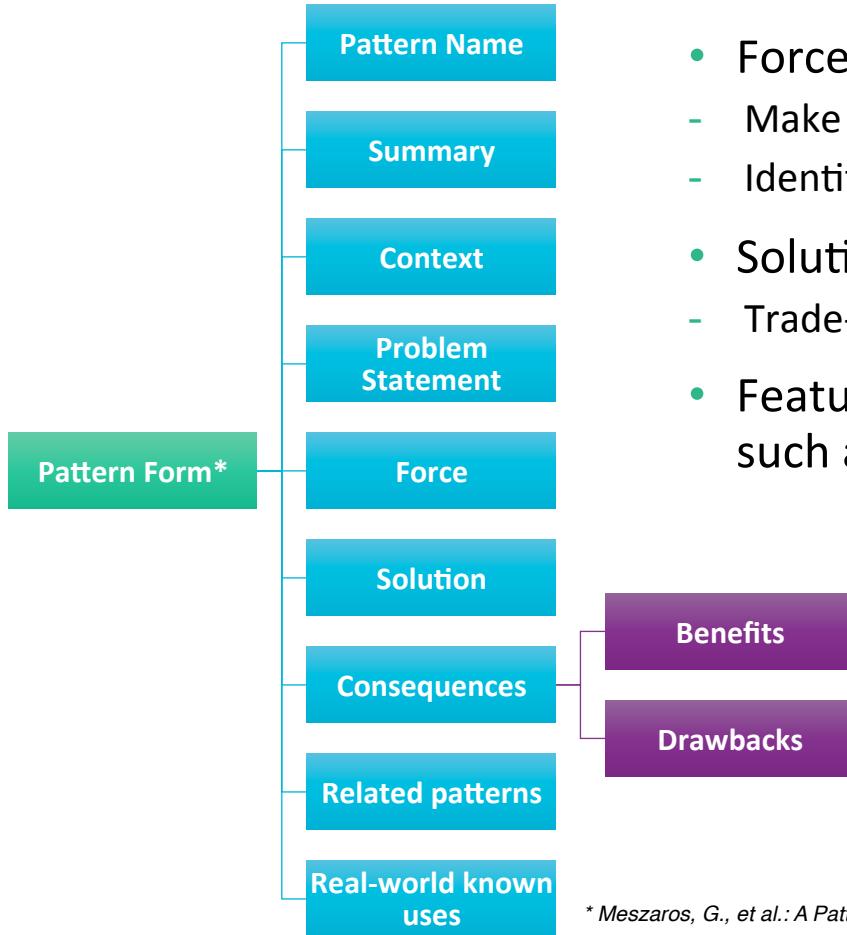
Blockchain-based Application Pattern Collection



Pattern Collection



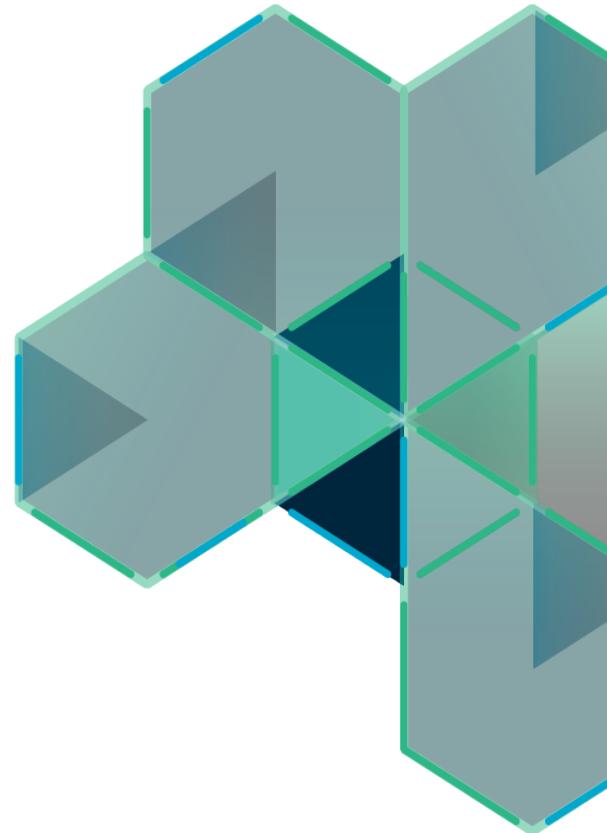
Pattern Form



* Meszaros, G., et al.: *A Pattern Language for Pattern Writing. Pattern languages of program design* (1998)

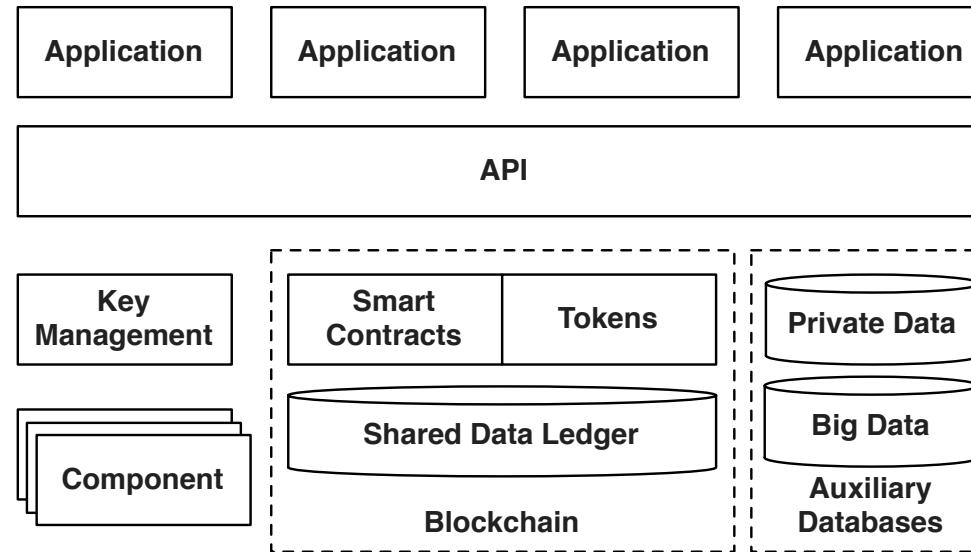
Pattern Collection

- **Interaction with External World (5)**
- Data Management (4)
- Security (4)
- Contract (5)
- Deployment (2)



Overview

- Blockchain can be a component of a big software system
- Communicate with other components within the software system



Pattern 1: Centralized Oracle 1/3

- **Summary**

- Introduce the state of external systems into the closed blockchain execution environment through a single centralized oracle

- **Context**

- Blockchain-based applications might need to interact with other external systems
- Validation of transactions might depend on external state

- **Problem**

- Blockchain is a self-contained execution environment
- Smart contracts are pure functions that can't access external systems

- **Forces**

- Closed environment
 - Secure, isolated execution environment
- Connectivity
 - General-purpose applications might require information from external systems
- Long-term availability and validity
 - External state used to validate a transaction may change or even disappear



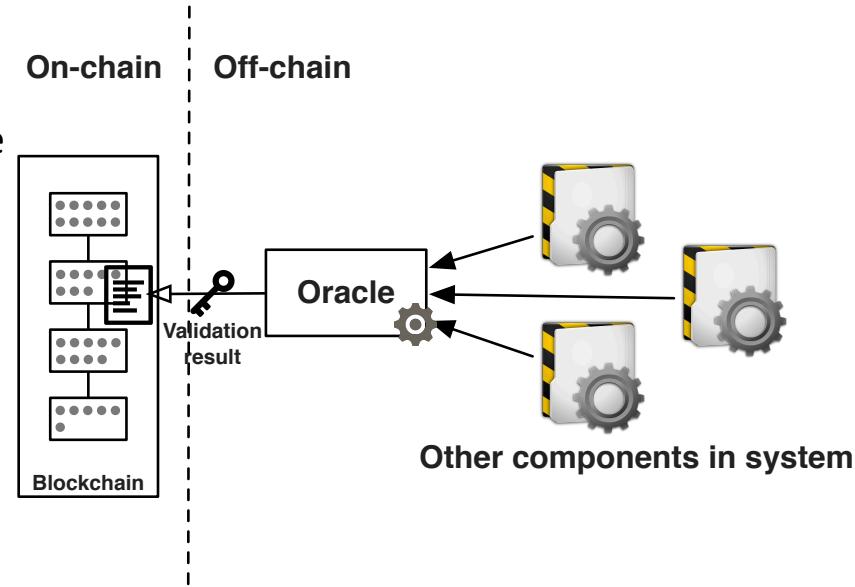
Pattern 1: Centralized Oracle 2/3

- **Solution**

- Oracle assists in evaluating conditions that cannot be expressed in a smart contract
- Oracle injects the result to the blockchain in a transaction signed using its own key pair
- Validation of transactions is based on the authentication of the oracle

- **Consequences**

- Benefits
 - Connectivity: Closed environment of blockchain is connected with external world through Oracle
- Drawbacks
 - Trust: Oracle is trusted by all the participants
 - Validity: External states injected into the transactions can not be fully validated by miners
 - Long-term availability and validity: External state used to validate transaction changes after the transaction was originally appended to the blockchain

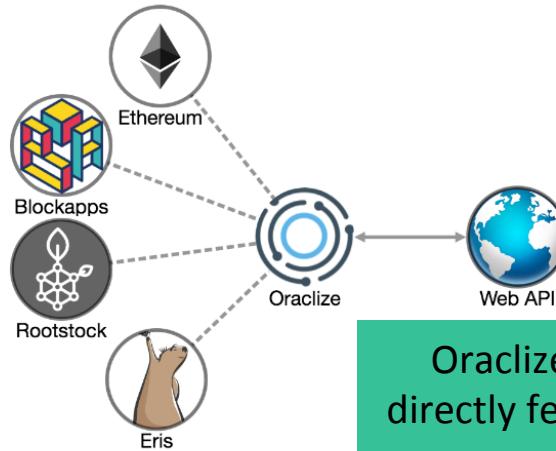


Pattern 1: Centralized Oracle 3/3

- **Related Patterns**

- *Pattern 2. Decentralized Oracle*
- *Pattern 4. Reverse Oracle*

- **Known uses**



Oraclize uses trusted hardware to directly fetch information from trusted execution environment (TEE)



Oracle in Bitcoin evaluates user-defined expressions based on the external state



Corda has a embedded oracle mechanism using Intel Software Guard Extension (SGX) for hardware attestation to prevent unauthorized access outside of the SGX environment

Pattern 2: Decentralized Oracle 1/3

- **Summary**

- Introduce the state of external systems into the closed blockchain execution environment through *decentralized* oracle

- **Context**

- Blockchain-based applications might need to interact with other external systems
- Validation of transactions relies on *oracle* to inject the external state

- **Problem**

- A centralized oracle introduces a single trusted third party

- **Forces**

- Reliability
 - Centralized oracle is a single point of failure
- Variety of data sources
 - Static web page, physical sensor, input from a human
 - Multiple sources might come from a single authorized source



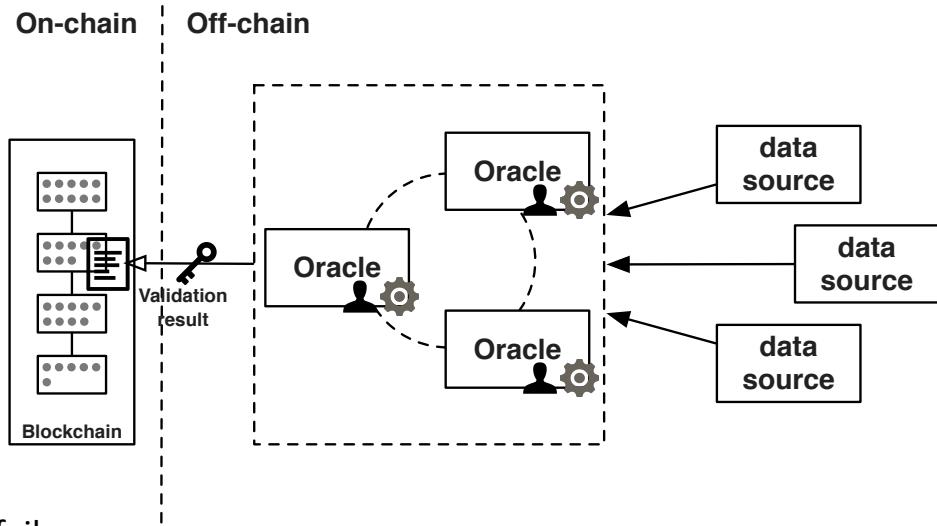
Pattern 2: Decentralized Oracle 2/3

• Solution

- Decentralized oracle based on multiple servers and multiple data sources
- Consensus on the external status
 - K-out-of-M threshold signature

• Consequences

- Benefits
 - Reliability
 - Risk is reduced from a single point of failure
 - Improves the likelihood of getting accurate external data
- Drawbacks
 - Trust: All the oracles that verify the external state are trusted by all participants involved in transactions
 - Time: Get required information from multiple data sources and reach a consensus for the final result
 - Cost: increase with the number of oracles being used

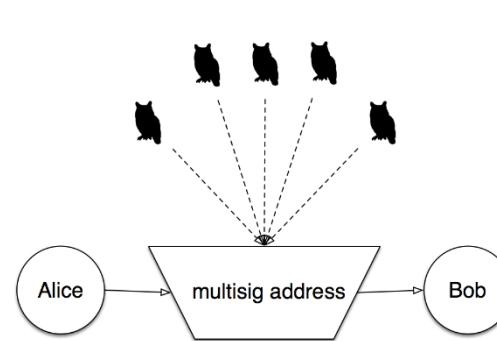


Pattern 2: Decentralized Oracle 3/3

- **Related Patterns**

- *Pattern 1. Centralized Oracle*
- *Pattern 3. Voting*
- *Pattern 4. Reverse Oracle*

- **Known uses**



Orisi on Bitcoin allows participants involved in a transaction to select a set of independent oracles



Augur is a prediction market that use human oracles



Gnosis is a prediction market allows users to choose oracles they trust

Pattern 3: Voting 1/3

- **Summary**

- Voting is a method for a group of blockchain users of a decentralized oracle to make a collective decision or to achieve a consensus

- **Context**

- Public access of blockchain provides equal rights
- Participant has the same ability to access and manipulate the blockchain

- **Problem**

- Participants have different preference

- **Forces**

- Decentralization
 - Devolves responsibility and capability from a central location to all the participants
- Consensus
 - Participants need to reach an agreement to make decision



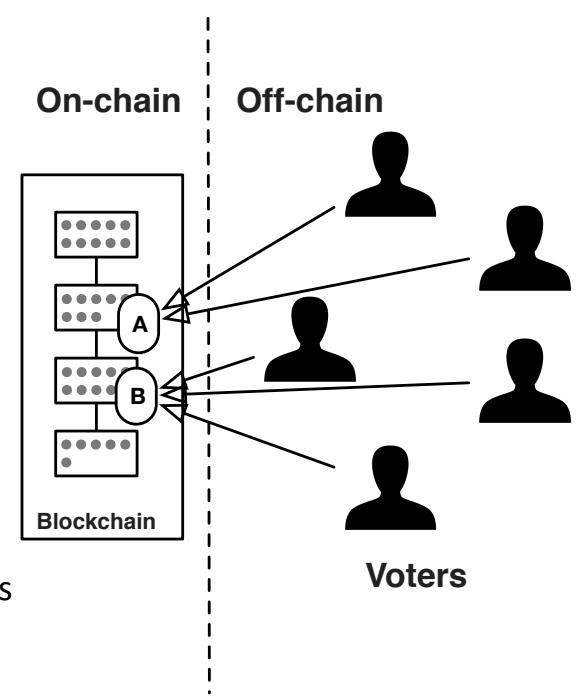
Pattern 3: Voting 2/3

• Solution

- Vote through sending transaction through blockchain account
- Voting transaction is signed by the private key
 - Represent the right to make decision
 - Might be weighted by the owned resource

• Consequences

- Benefits
 - Equality: Participants use their right to make decision
 - Consensus: participants with different preferences can reach consensus
- Drawbacks
 - Collusion: Collude during voting to gain benefit
 - Permission grant: Pseudonymity allows participant to gain additional voting power
 - Through owning multiple blockchain addresses
 - Time: Long voting/dispute time window



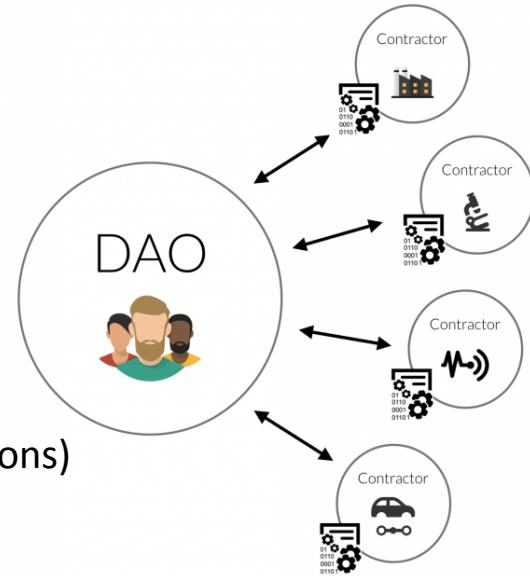
Pattern 3: Voting 3/3

- **Related Patterns**

- *Pattern 2. Decentralized Oracle*
- *Pattern 10. Multiple Authorization*
- *Pattern 13. Security Deposit*

- **Known uses**

- Voting is used in DAOs (Decentralized Autonomous Organizations)
- Gnosis
 - Voting is used to challenge the reported outcomes
- Augur
 - Similarly, voting is used to resolve dispute



Pattern 4: Reverse Oracle 1/3

- **Summary**

- The reverse oracle of an existing system relies on smart contracts to validate requested data and check required status

- **Context**

- Off-chain components might need to use the data stored on the blockchain
- Off-chain components might need to the smart contracts to check certain conditions

- **Problem**

- Some domains use very large and mature systems, which comply with existing standards
- Leverage the existing complex systems with blockchain without changing the core of the existing systems

- **Forces**

- Connectivity
 - Integrate blockchain to leverage the unique properties of blockchain
- Simplicity
 - Introduce minimal changes to the existing system



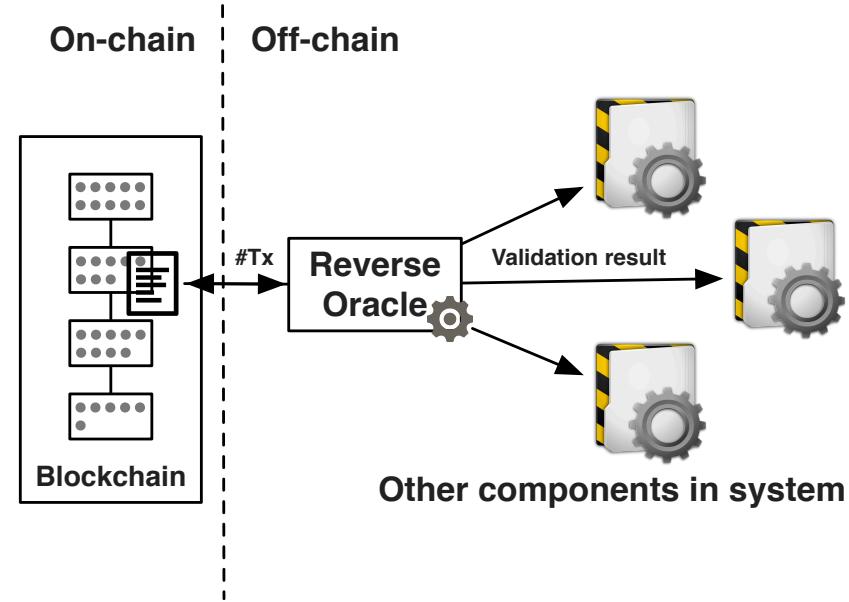
Pattern 4: Reverse Oracle 2/3

• Solution

- Transaction ID and Block ID can be integrated into existing system
- Validation is on blockchain using smart contract
- An off-chain component is required to query blockchain

• Consequences

- Benefits
 - Connectivity:
 - Blockchain is integrated into a system through adding IDs of transaction as a piece of data into the system
- Drawbacks
 - Non-intrusive
 - Writing and reading blockchain might need changes to the existing system



Pattern 4: Reverse Oracle 3/3

- **Related Patterns**

- *Pattern 1. Centralized Oracle*
- *Pattern 2. Decentralized Oracle*

- **Known uses**

- Identitii
 - Enrich payment in banking systems with documents and attributes using blockchain
 - Identity token exchanged between the banks through SWIFT protocol
- Slock.it
 - Autonomous objects and universal sharing network
 - Devices sell or rent themselves, and pay for services provided by others
 - Availability information is stored on blockchain
 - Validity checking is on blockchain



Slock.it

Pattern 5: Legal and Smart Contract Pair 1/3

- **Summary**

- A bidirectional binding is established between a legal agreement and the corresponding smart contract

- **Context**

- Legal industry is digitized
 - Digital signature is a valid way to sign legal agreements
- Richardian contract (Mid 1990s)
 - interpret legal contracts digitally without losing the value of the legal prose
- An independent trustworthy execution platform is needed to execute the digital legal agreement

- **Problem**

- Bind a legal agreement to the corresponding smart contract to ensure 1-to-1 mapping

- **Forces**

- Authoritative source: 1-to-1 mapping makes SC the authoritative source of legal contract
- Secure storage: Blockchain is a trustworthy data storage
- Secure execution: Blockchain provides a trustworthy computational platform

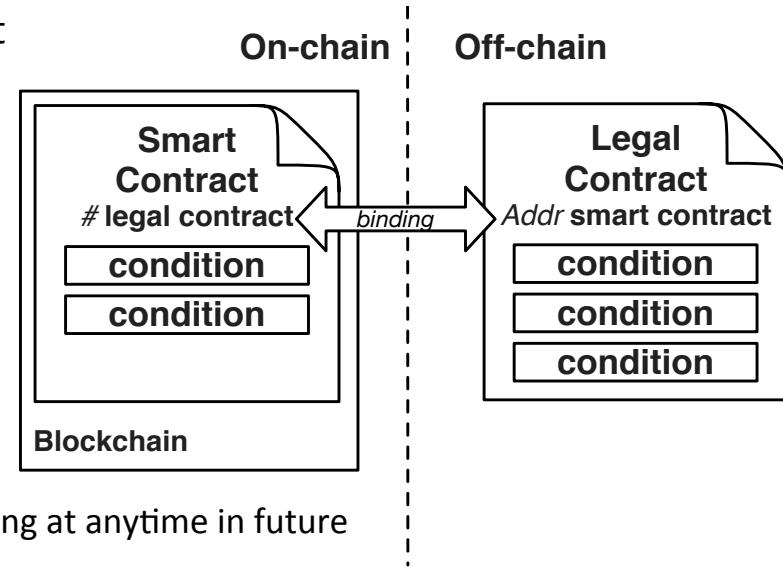
Pattern 5: Legal and Smart Contract Pair 2/3

• Solution

- SC implements conditions defined in the legal agreement
 - Checked and enforced by the smart contract
- SC has a blank variable to store hash of legal contract
- SC address included in the legal agreement
- Legal agreement hash is added to the SC variable

• Consequences

- Benefits
 - Automation: SCs are programs running on blockchain
 - Audit trail: immutable historical transactions enable auditing at anytime in future
- Drawbacks
 - Expressiveness: Smart contract language might have limited expressiveness to express contractual terms
 - Enforceability: No central authority to decide a dispute or perform the enforcement of a court judgment
 - Interpretation: Ambiguity of natural language is a challenge to accurately digitize a certain legal term

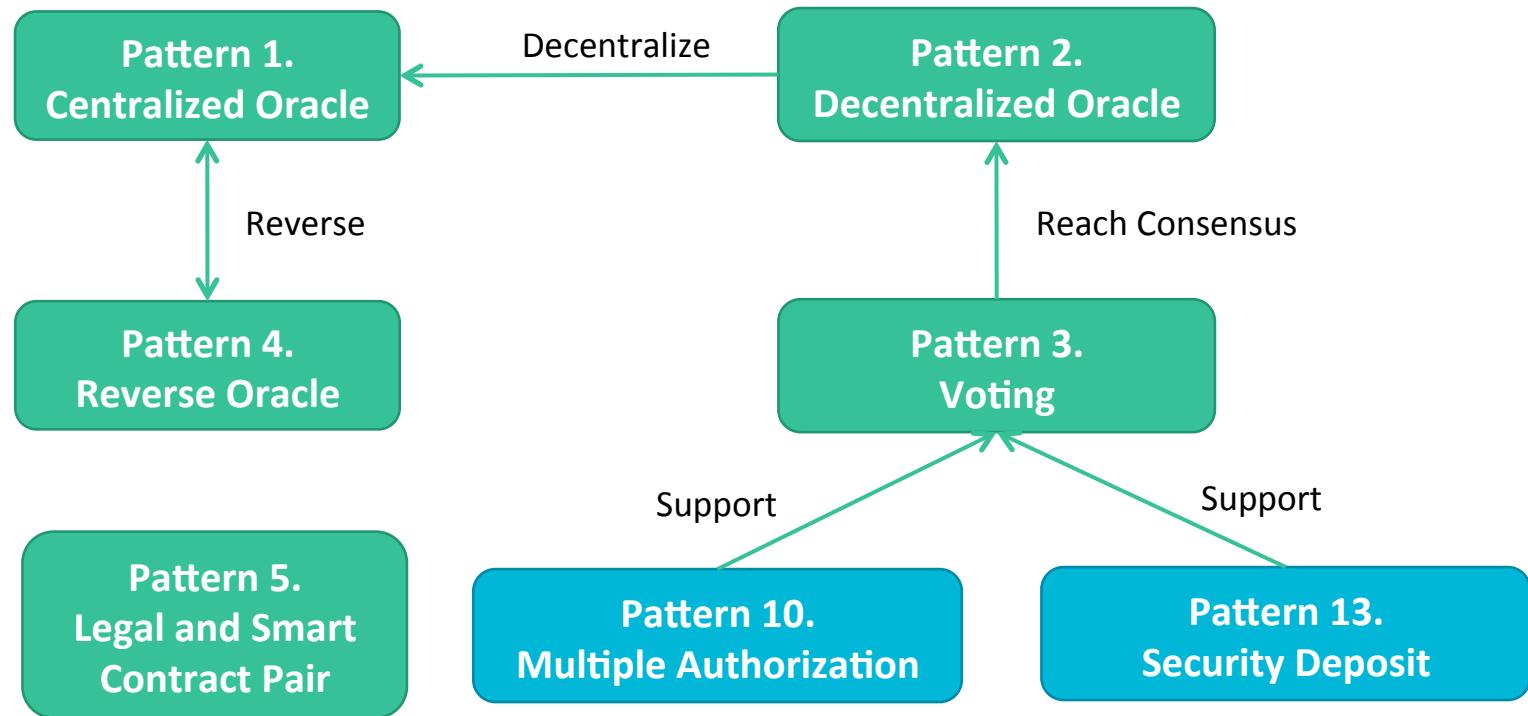


Pattern 5: Legal and Smart Contract Pair 3/3

- **Related Patterns** N/A
- **Known uses**
 - OpenLaw
 - Legally binding and self-executable agreements on the Ethereum blockchain
 - The legal agreement templates are stored on a decentralized data storage, IPFS
 - Smart Contract Template proposed by Barclays uses legal document templates to facilitate smart contracts running on Corda
 - Accord Project explored the representation of machine-interpretable legal terms

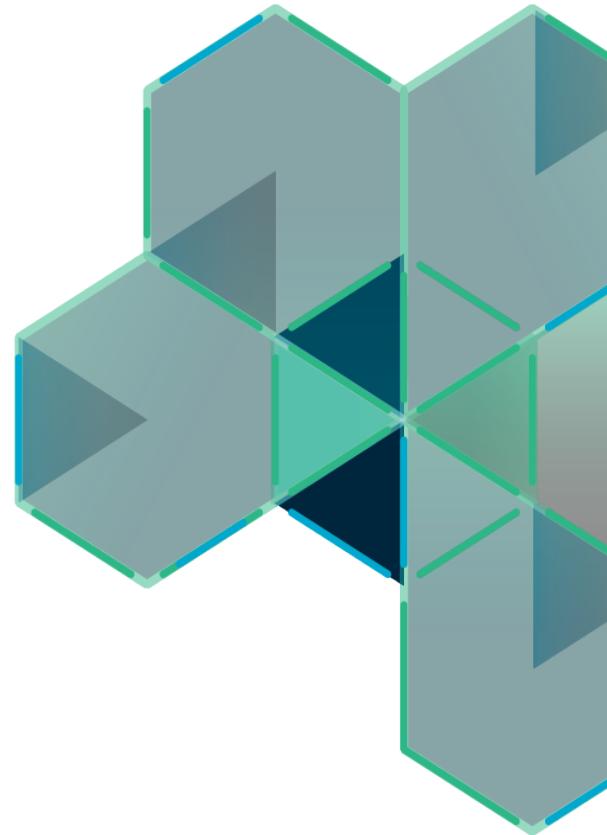


Related Patterns



Pattern Collection

- Interaction with External World (5)
- **Data Management (4)**
- Security (4)
- Contract (5)
- Deployment (2)



Pattern 6: Encrypting On-chain Data 1/3

- **Summary** 加密data存在链上
 - Ensure confidentiality of the data stored on blockchain by encrypting it
- **Context**
 - Commercially critical data that is only accessible to the involved participants
 - Special discount price offered by a service provider to a subset of its users
- **Problem**
 - Data privacy is a limitation of blockchain
 - All information on blockchain is publicly available to all participants
 - No privileged user: no matter public/consortium/private blockchain
- **Forces**
 - Transparency
 - Historical transactions are publically accessible to enable validation of previous transactions
 - Transactions on public blockchain are accessible to anyone with access to internet
 - Lack of confidentiality
 - Commercially sensitive data should not be stored on blockchain



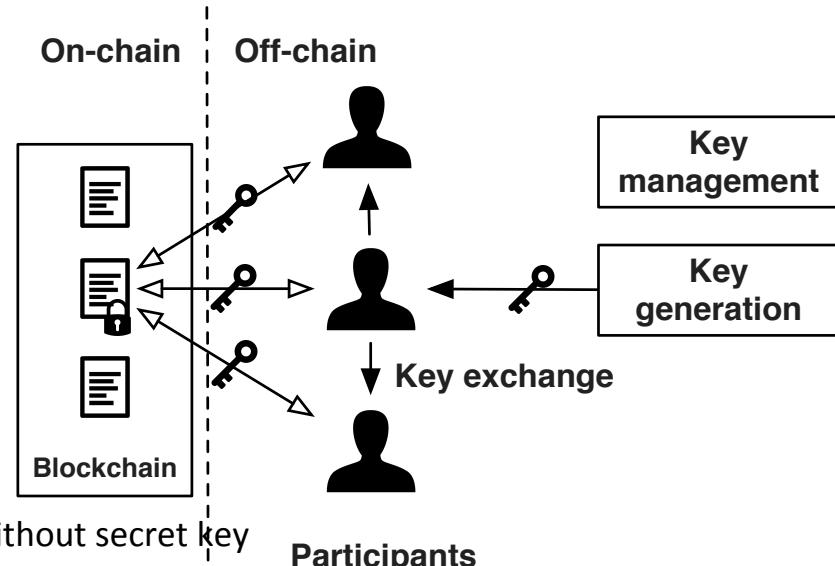
Pattern 6: Encrypting On-chain Data 2/3

• Solution

- Data is encrypted before being inserted into blockchain
 - Symmetric encryption
 - Asymmetric encryption

• Consequences

- Benefits
 - Confidentiality: Encrypted data is useless to anyone without secret key
- Drawbacks
 - Compromised key: Encryption mechanism does not guarantee the confidentiality or integrity with a compromised or disclosed key
 - Access revocation: Access of Encrypted data is forever because of immutability
 - Immutable data: Subject to brute force decryption attack
 - Quantum computing
 - Key sharing: Off-chain key exchange otherwise accessible to all blockchain participants



Pattern 6: Encrypting On-chain Data 3/3

- **Related Patterns**

- *Pattern 8. Off-Chain Data Storage*

- **Known uses**

- Encrypted queries from Oraclize
 - Developers encrypt the parameters of their queries before passing them to a smart contract
 - Oraclize can decrypt the call parameters
- Crypto digital signature from MLGBlockchain
 - Encrypting data before sharing data between the parties
- Hawk* stores transactions as encrypted data on blockchain to retain the privacy of the transactions
 - Automatically generate a cryptographic protocol for a smart contract
 - Involved participants interact with the blockchain following the cryptographic protocol



*Kosba, A., Miller, A., Shi, E., Wen, Z., Papamanthou, C.: Hawk: The blockchain model of cryptography and privacy-preserving smart contracts. In: 37th IEEE Symposium on Security and Privacy (S&P2016)

Pattern 7: Tokenization 1/3

- **Summary**

- Using tokens to represent fungible goods for easier distribution

- **Context**

- Reduce risk in handling high value financial instruments by replacing them with equivalents
 - Tokens used in casino
- Tokens represent transferable and fungible goods
 - Shares or tickets

- **Problem**

- Tokens representing assets should be the authoritative source of the corresponding assets

- **Forces**

- Risk
 - Handling fungible financial instruments with high value is risky
- Authority
 - Tokens are the authoritative source of the assets

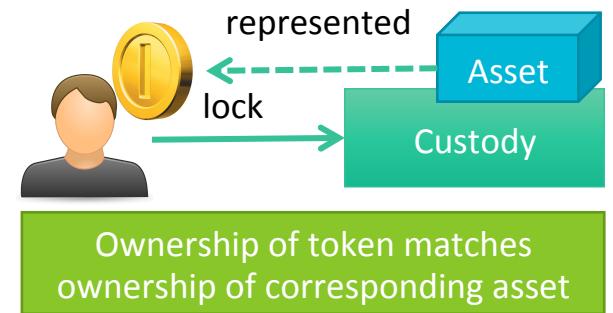
Pattern 7: Tokenization 2/3

- **Solution**

- Native tokens on blockchain used to represent digital or physical assets
 - Transactions record the verifiable title transfer from one user to another
 - With limited condition checking
- Smart contract based data structure used to represent physical assets
- On-chain token is the authoritative source of the physical asset

- **Consequences**

- Benefits
 - Risk: Replacing high value financial instruments with equivalents
 - Authority
- Drawbacks
 - Integrity: Authenticity of the physical asset is not guaranteed automatically
 - Legal process for ownership:
 - Owner of an asset may be entitled to sell the asset without being required to create a transaction on the blockchain



Pattern 7: Tokenization 3/3

- Related Patterns N/A

- Known uses

- Coloredcoin
 - Open source protocol for tokenizing digital assets on Bitcoin blockchain
- Digix
 - Use tokens to track the ownership of gold as a physical property



Pattern 8: Off-chain Data Storage 1/3

- **Summary**

- Using hashing to ensure the integrity of arbitrarily large datasets

- **Context**

- Using blockchain to guarantee the integrity of large amounts of data

- **Problem**

- Limited storage capacity: full replication across all participants of the blockchain network
- Limited size of the block: Storing large amounts of data within a transaction is impossible
 - Block gas limit in Ethereum
- Data cannot take advantage of immutability or integrity guarantees without being stored on-chain

- **Forces**

- Scalability: Data is replicated permanently across all nodes
- Cost: Public blockchain charges real money: One-time cost
- Size: Limits of transaction size or block size
 - Bitcoin relays *OP_RETURN* transactions up to 80 bytes



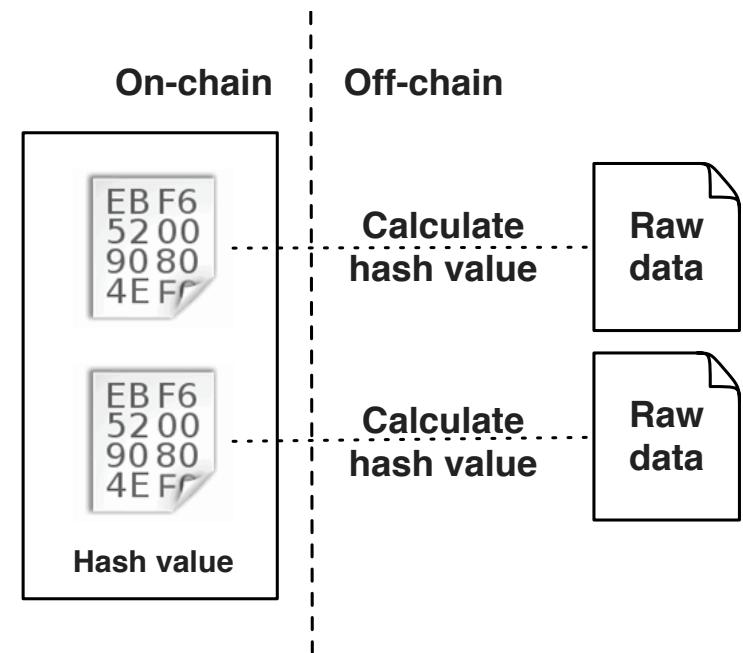
Pattern 8: Off-chain Data Storage 2/3

• Solution

- Data of big size
 - Data that is bigger than its hash value
- Hash value of the data is stored on blockchain
 - With other small sized metadata: a URI pointing to it

• Consequences

- Benefits
 - Integrity:
 - Blockchain guarantees integrity of the hash value
 - Hash value guarantees integrity of the raw data
 - Cost: Fixed low cost for integrity of data with arbitrary size
- Drawbacks
 - Integrity
 - Raw data might be changed without authorization
 - Detectable but unrecoverable
 - Data loss: Off-chain raw data may be deleted or lost



Pattern 8: Off-chain Data Storage 3/3

- **Related Patterns**

- *Pattern 9. State Channel*

- **Known uses**

- Proof-of-Existence (POEX.IO).

- Entering an SHA-256 cryptographic hash of a document into the Bitcoin blockchain
 - A “proof- of-existence” of the document at a certain time



- Chainy

- Smart contract running on Ethereum blockchain
 - Stores a short link to an off-chain file and its corresponding hash value in one place



Pattern 9: State Channel 1/3

state channel 就是处理一些小型的交易,这样可以减少小型交易所带来的时间延迟,应为每次区块链include一个block都需要很长的时间,只用把最后一次交易状态更新到链上就行

- **Summary**

- Micro-payments exchanged off-chain and periodically recording settlements for larger amounts on chain
- Can be generalized for arbitrary state updates

- **Context**

- Micro-payments are payments that can be as small as a few cents
 - E.g., payment of a very small amount of money to a WiFi hot-spot for every 10 KB of data usage

- **Problem**

- Decentralized design has limited performance: Long commit time
- High transaction fees on a public blockchain: Largely independent of the transacted amount

- **Forces**

- Latency
 - Long commitment time on blockchain
 - Micro-payment is expected to happen instantaneously
- Scalability: Data replicated permanently across all nodes
- Cost: Transaction fee might be higher than the monetary value associated with micro-payment transaction



Pattern 9: State Channel 2/3

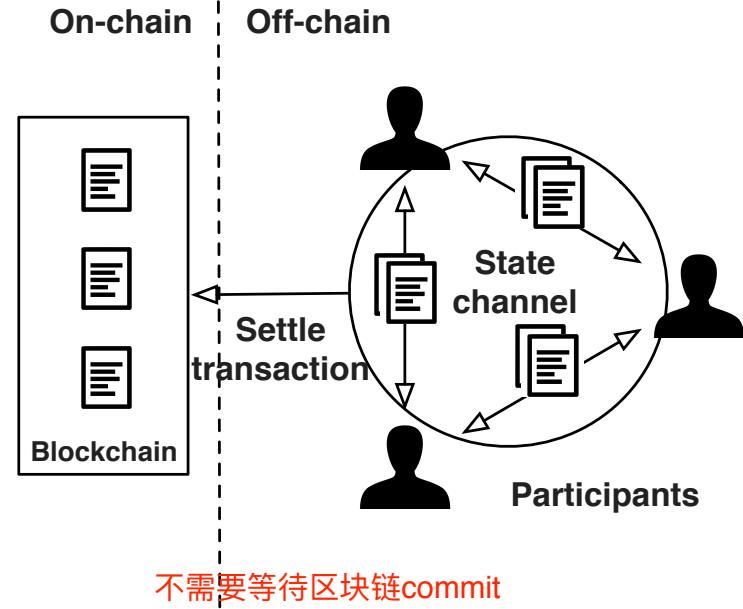
用state channel来进行中间状态的交易,只有最后的结果才commit onchain
这样做速度快,offchain速度快

• Solution

- Establish a payment channel between two participants
- Deposit from one or both sides locked up
- Payment channel keeps the intermediate states
- Only the finalized payment is on chain
- Frequency of settlement depends on use cases

• Consequences

- Benefits
 - Speed: off-chain transaction settled without waiting for blockchain network to include the transaction
 - Throughput: off-chain transaction throughput is not limited by blockchain configuration 不被区块链的吞吐量限制
 - Privacy: intermediate off-chain transactions do not show up in the public ledger 中间状态不被显示
 - Cost: only the final settlement transaction costs fee to be stored on blockchain 只有最后的交易才会被charge
- Drawbacks 小型的中间交易offchian容易丢失once the state channel closed
 - Trustworthiness: Micro-payment transactions are not immutable and can be lost after the channel is closed
 - Reduced liquidity: Locked up security deposit reduces liquidity of channel participants



Pattern 9: State Channel 3/3

- Related Patterns

- *Pattern 8. Off-Chain Data Storage*

- Known uses



BITCOIN LIGHTNING NETWORK

- Hashed Timelock Contracts (HTLCs)
 - *Hashlocks* and *timelocks* of Script
 - Receiver acknowledges receiving the payment before deadline by proof
- Bi-directional payment channel



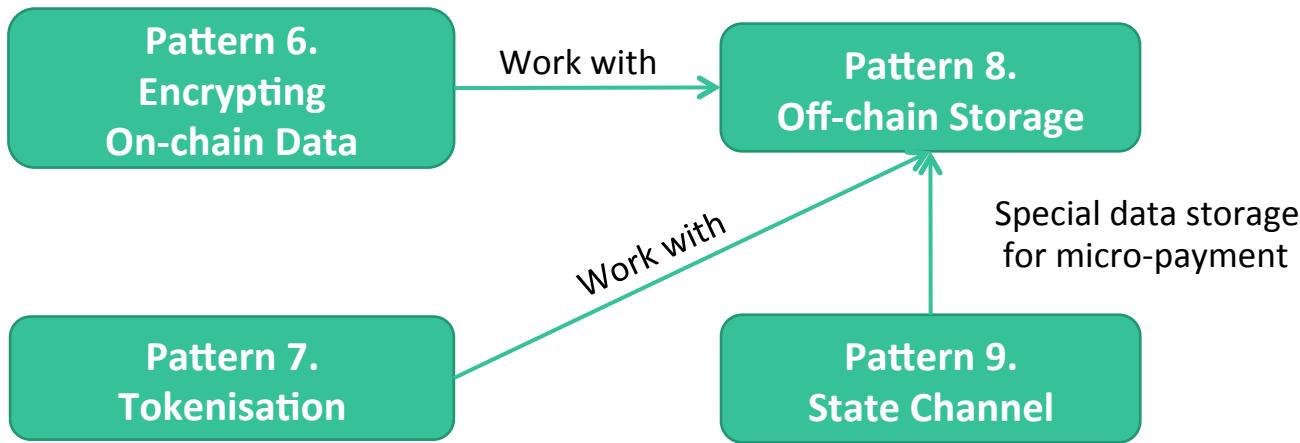
Raiden network on Ethereum



Orinoco on Ethereum is a payment hub for payment channel management

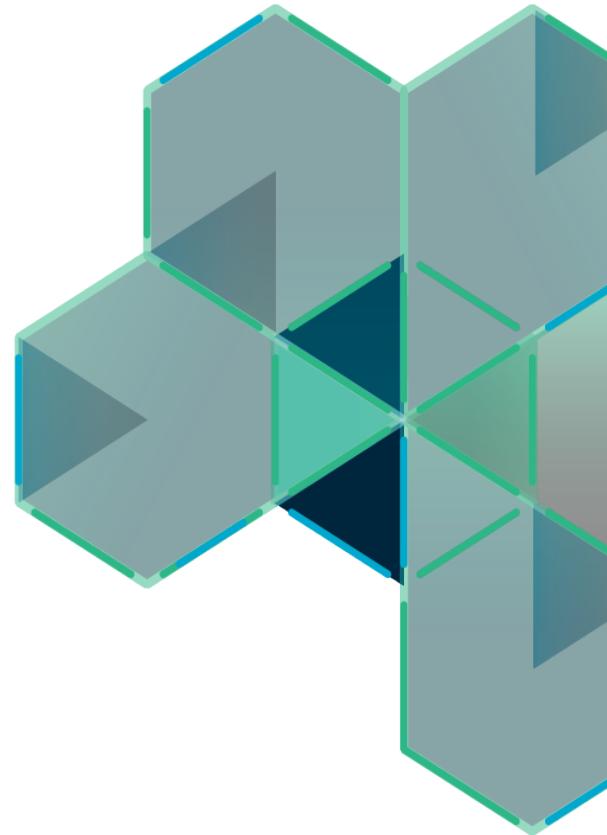


Related Patterns



Pattern Collection

- Interaction with External World (5)
- Data Management (4)
- **Security (4)**
- Contract (5)
- Deployment (2)



Pattern 10: Multiple Authorization 1/3

- **Summary**

- A set of blockchain addresses which can authorize a transaction is pre-defined
- Only a subset of the addresses is required to authorize transactions

- **Context**

- Activities might need to be authorized by multiple blockchain addresses
 - A monetary transaction may require authorization from multiple participants

- **Problem**

- The actual addresses that authorize an activity might not be able to be decided due to availability

- **Forces**

- Flexibility
 - The actual authorities can be from a set of pre-defined authorities
- Tolerance of compromised or lost private key
 - Blockchain does not offer any mechanism to recover a lost or a compromised private key
 - Losing a key results in permanent loss of control over an account and smart contracts



Pattern 10: Multiple Authorization 2/3

• Solution

- The set of blockchain addresses for authorization are not decided before the transaction being submitted to blockchain network
- **Multiple signature mechanism (M-of-N)** is used to require more than one address to authorize a transaction

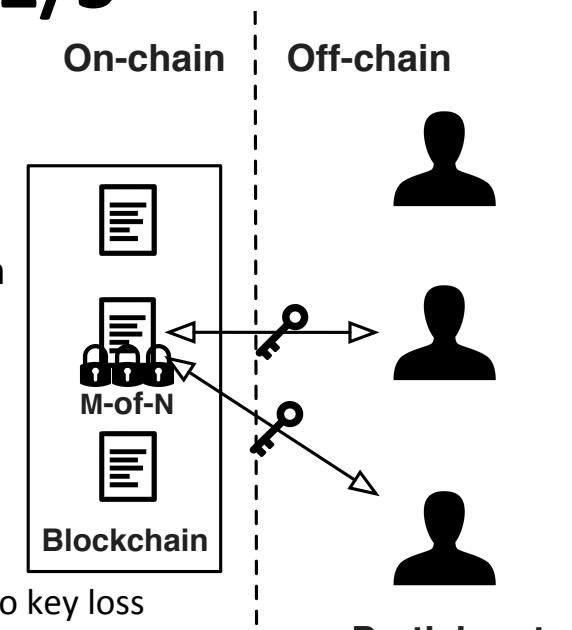
• Consequences

- Benefits

- Flexibility: Enable flexible binding of authorities based on availability
- **Lost key tolerance**
 - Owning multiple addresses to reduce the risk of losing control due to key loss
 - Threshold-based authorized update

- Drawbacks

- Pre-defined authorities: All the possible authorities need to be known in advance
- Lost key: At least M among N private keys should be safely kept to avoid losing control
- Cost of dynamism: Extra logic and extra addresses cost extra money as does deploying the logic for multiple authorities



Participants

Pattern 10: Multiple Authorization 3/3

- **Related Patterns**

- *Pattern 3. Voting*
- *Pattern 11. Off-Chain Secret Enabled Dynamic Authorization*

- **Known uses**

- MultiSignature mechanism provided by Bitcoin  **bitcoin**
- Multisignature wallet, written in Solidity, running on Ethereum blockchain  **ethereum**
 - Available in the Ethereum DApp browser Mist

Pattern 11: Dynamic Authorization 1/3

a smart contract can be used for escrow. When the sender deposits the money to the escrow smart contract, the hash of a secret (e.g. a random string, called pre-image) is also submitted with the money. Whoever receives the secret off-chain can claim the money from the escrow smart contract by revealing the secret. With this solution, the receiver of the money does not need to be defined

- **Summary**

- Using a hash created off-chain to dynamically bind authority for a transaction
 - *Hashlock*

- **Context**

- Activities might need to be authorized by multiple blockchain addresses
 - These participants are unknown when a first transaction is submitted to blockchain

- **Problem**

- The authority who can authorize a given activity is unknown
- No dynamic binding with an address of a participant
 - All authorities for a second transaction are required to be defined in the first transaction

- **Forces**

- Dynamism: Dynamic binding multiple unknown authorities
- Pre-defined authorities: All the possible authorities are required to be defined beforehand if on-chain mechanism is used ([Pattern 10](#))



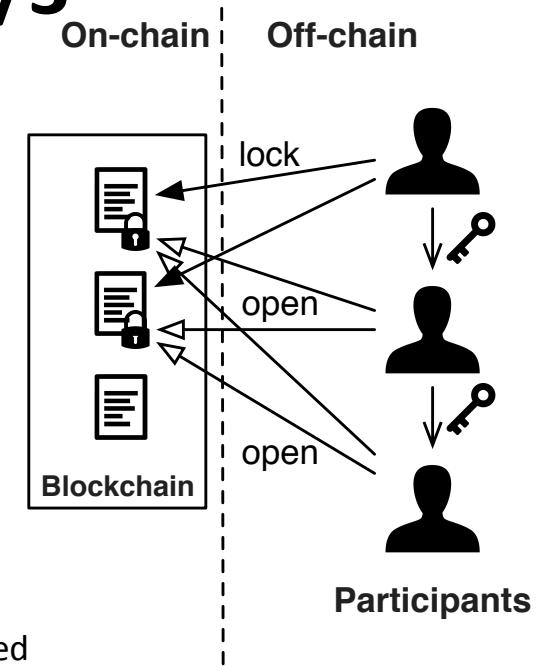
Pattern 11: Dynamic Authorization 2/3

- **Solution**

- Off-chain secret used to enable dynamic authorization
- Transaction is “locked” by hash of an off-chain secret
 - E.g. a random string, called pre-image
- Whoever receives the secret off-chain can authorize the transaction

- **Consequences**

- Benefits
 - Dynamism: Enable dynamic binding of unknown authorities
 - Lost key tolerance: No specific key is required to authorize transaction
 - Routability: Enable multi-hop transfer since all payment transactions secured using the same secret can open at same time
 - Interoperability: Enable interaction between other systems and blockchain
- Drawbacks
 - One-off secret: Secret is not reusable after being revealed
 - Lost secret: Transaction is “locked” forever if the secret is lost



Pattern 11: Dynamic Authorization 3/3

- **Related Patterns**

- *Pattern 10. Multiple Authorization*

- **Known uses**

- Raiden network
 - Multi-hop transfer mechanism
 - *hashlocked* transactions securely router payment through a middleman
- Atomic cross-chain trading in the Bitcoin ecosystem
 - Trading Bitcoin for tokens on a Bitcoin sidechain



Pattern 12: X-Confirmation 1/3

- **Summary**

- Waiting for enough number of blocks as confirmations to ensure that a transaction added into blockchain is immutable with high probability

- **Context**

- Proof-of-work (Nakamoto) consensus enables probabilistic immutability
 - Most recent few blocks are replaced by a competing chain fork
 - Transactions included in the discarded branches go back to the transaction pool

- **Problem**

- Fork: No certainty as to which branch will be permanently kept in blockchain

- **Forces**

- Chain fork: Occurs on a blockchain using proof-of-work consensus
- Frequency of chain fork
 - Shorter inter-block time would lead to an increased frequency of forks

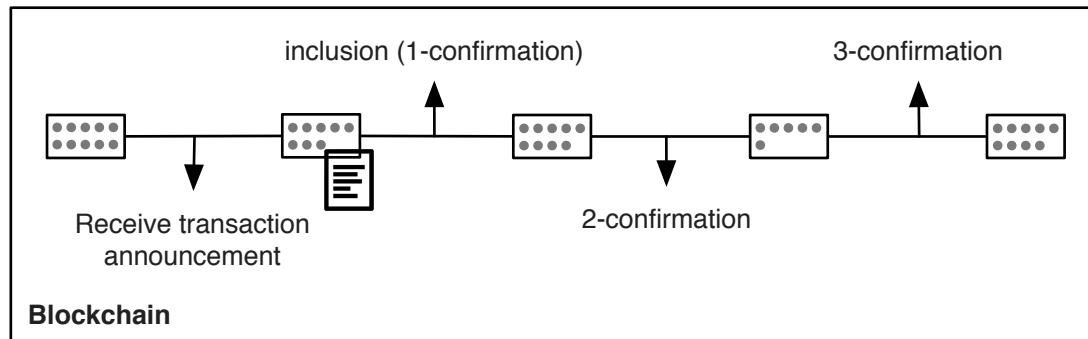
Pattern 12: X-Confirmation 2/3

- **Solution**

- Wait for a certain number (X) of blocks to be generated after the transaction is included into one block
- Transaction is considered committed
- X is blockchain specific

- **Consequences**

- Benefits
 - Immutability: The more blocks generated after the block with the transaction, the higher probability of the immutability
- Drawbacks
 - Latency
 - Latency between submission and confirmation of a transaction is affected by consensus protocol and X
 - The larger value of X , the longer latency



Pattern 12: X-Confirmation 3/3

- Related Patterns N/A

- Known uses

- Bitcoin uses 6-confirmation  **bitcoin**
 - An attacker is unlikely to amass more than 10% of the total amount of computing power
 - A negligible risk of less than 0.1% is acceptable
- Ethereum uses 12-confirmation  **ethereum**

Pattern 13: Security Deposit 1/3

- **Summary**

- A user puts aside a certain amount of money, which will be paid back to the user for her honesty or given to the other parties to compensate them for the dishonesty of the user

- **Context**

- Trust is achieved from the interactions between participants within the network
- Blockchain-based applications relying on all the users to facilitate transactions

- **Problem**

- Equal rights of blockchain allows every participant the same ability to manipulate the blockchain
- How to prove honesty?

- **Forces**

- Security: Security of the system relies on the behavior of all the participants
- Incentive: Participants in a decentralized application can be incentivized to behave honestly



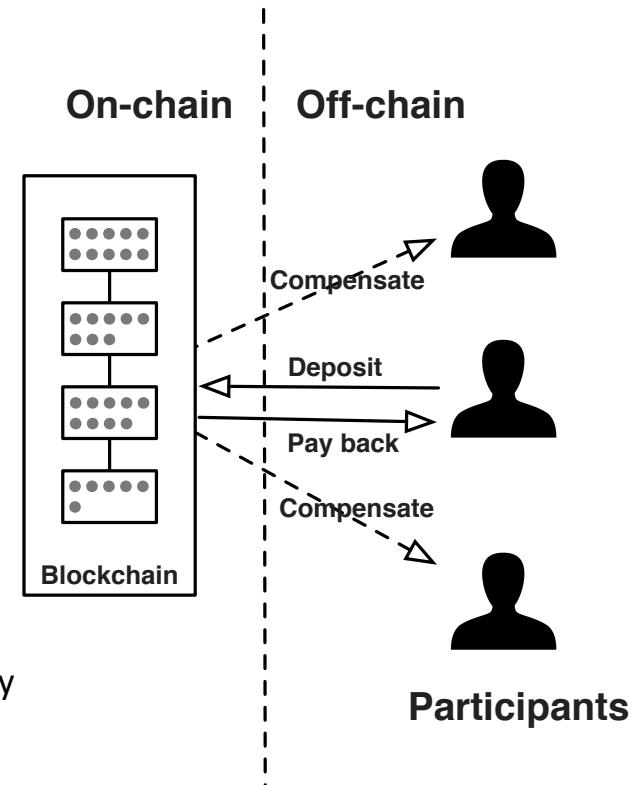
Pattern 13: Security Deposit 2/3

• Solution

- Participant is required to put aside amount of tokens
 - Temporarily sacrificing stake
 - Recorded on blockchain
- Paid back if the participant behaves honestly
- Or compensate others for their lost due to dishonesty of the participant

• Consequences

- Benefits
 - Security: Deposit is paid back only if the participant behaves honestly
 - Reduce the risk of participants misbehave
- Drawbacks
 - Access
 - Security deposit is normally larger than the potential profit gain from dishonesty
 - Large security deposit restricts access to the application



Pattern 13: Security Deposit 3/3

- **Related Patterns**

- *Pattern 18. Incentive Execution*

- **Known uses**

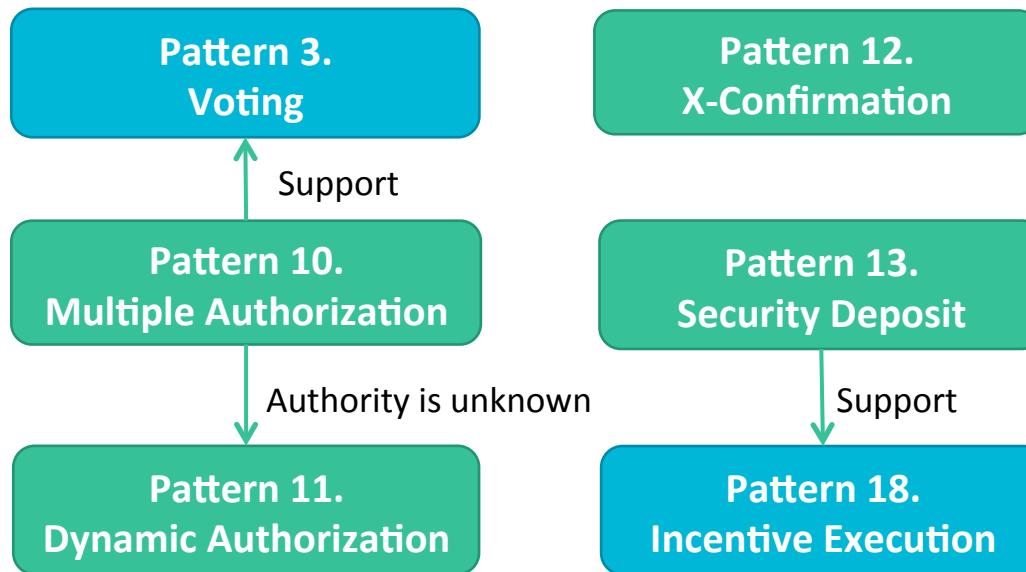
- Deposit used in Bitcoin contract
 - Party with no reputation buys deposit as a proof of trust
 - Slock.it requires servers to pay a deposit
 - Lost in case of a wrong response
 - Incentivize cross-checking as watchdog
 - Ethereum alarm clock enables scheduling of transactions for delayed execution in the future
 - *Claim window*: Deposit is required to claim a request
 - Return if the claimer fulfills the commitment to execute the request
 - Given to someone else that executes the request as an additional reward



Slock.it

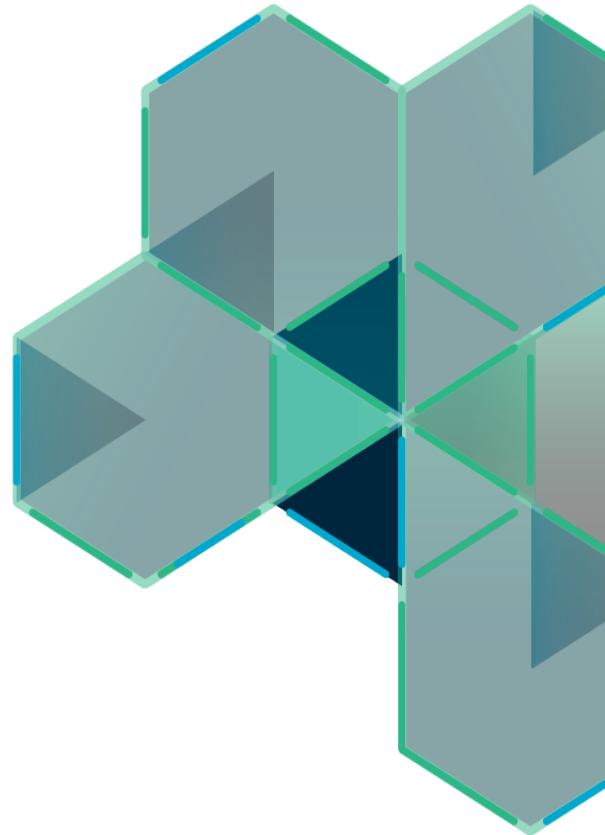


Related Patterns



Pattern Collection

- Interaction with External World (5)
- Data Management (4)
- Security (4)
- **Contract (5)**
- Deployment (2)



Overview

- Smart contracts are programs running on blockchain
 - Design patterns and programming principles for conventional software are applicable
- Structural design of the smart contract has large impact on its execution cost
 - Monetary cost on public blockchain
 - Cost of data storage proportional to the size of the smart contract
 - Applicable to both public and consortium blockchain
- Structural designs of smart contracts may affect performance
 - More or less transactions may be required



Pattern 14: Contract Registry 1/3

- **Summary**

- Before invoking it, the address of the latest version of a smart contract is located by looking up its name on a contract registry

- **Context**

- Blockchain-based applications need to be upgraded to new versions
 - Fix bugs or fulfill new requirements

- **Problem**

- Smart contract cannot be upgraded because of the immutable code stored on blockchain

- **Forces**

- Immutability
 - On-chain contract code is immutable
- Upgradability
 - Fundamental need to upgrade smart contract over time
- Human-readable contract identifier
 - Hexadecimal address is not human-readable



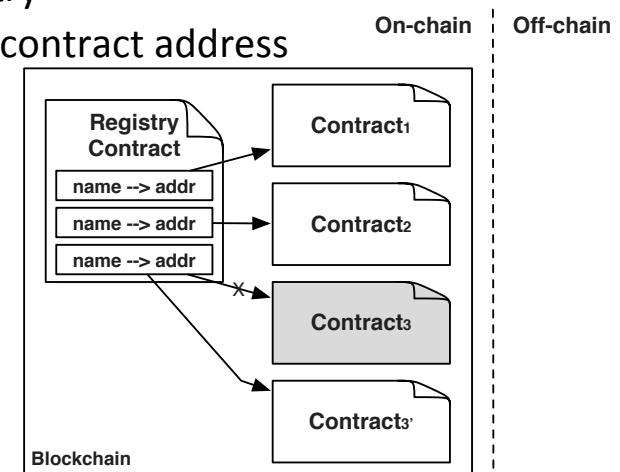
Pattern 14: Contract Registry 2/3

• Solution

- On-chain registry contract maintains a mapping between user-defined names and contract addresses
- Registry contract address is advertised off-chain
- Contract creator register the name and address of the new contract to the registry contract
- Invoker retrieves the latest version of the contract from the registry
- Upgrade contract by replacing the old contract address with new contract address

• Consequences

- Benefits
 - Human-readable contract name
 - Constant contract name
 - Transparent upgradability
 - Version control: Look-up based on name and version
- Drawbacks
 - Limited upgradability: Interface cannot be modified if the functions are called by others
 - Cost: Additional cost to maintain the registry and registry look-up for latest version



Pattern 14: Contract Registry 3/3

- **Related Patterns**

- *Pattern 15. Data Contract*
- *Pattern 16. Embedded Permission*

- **Known uses**

- ENS (Ethereum Name Service)
 - Support registering both smart contract and off-chain resources
 - Contract registry accessible to everyone
 - Blockchain-based application can maintain a registry for the application
- Regis
 - In-browser application for registries deployment and management
 - Allows user-defined key-value pairs for creating a contract registry



Pattern 15: Data Contract 1/3

- **Summary**

- Store data in a separate smart contract

- **Context**

- The need to upgrade application and smart contract over time is ultimately necessary
- Logic and data change at different times and with different frequencies

- **Problem**

- Upgrading transactions might need a large data storage for copying data from old to new contract
- Porting data to new version might require multiple transactions
 - E.g. Ethereum gas limit prevents overly complex data migration transaction

- **Forces**

- Coupling: The data stored in a deactivated contract is not accessible through SC functions
- Upgradability: The need to upgrade application and smart contract is ultimately necessary
- Cost: Copying data from old contract to new contract has extra cost



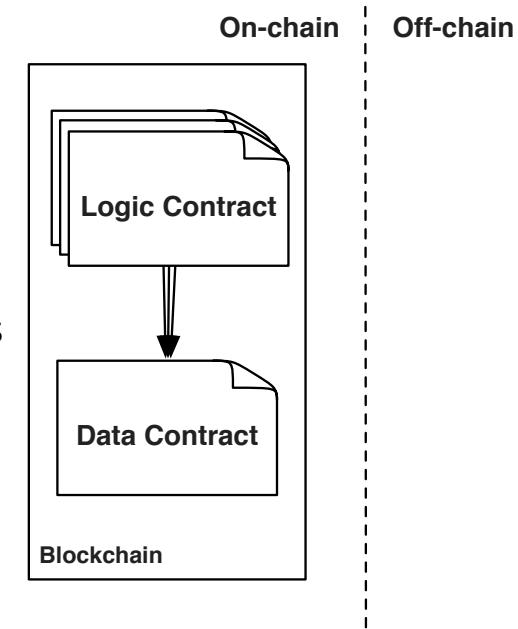
Pattern 15: Data Contract 2/3

• Solution

- Data store is isolated from the rest of the code
 - Avoid moving data during upgrades of smart contracts
- Strict definition or a loosely typed flat store
 - Depends on data store size and change frequency
- More generic and flexible data structure can be used by other contracts
 - Less likely to require changes: Mapping between SHA3 key and value pair

• Consequences

- Benefits
 - Upgradability: Application logic can be upgraded without affecting the data
 - Cost: No cost for migrating data when the logic is upgraded
 - Generality: Generic separated data contract can be used by multiple smart contracts
- Drawbacks
 - Cost of generality: Generic data structure might cost more than a strictly defined data structure
 - Querying data with generic data structure is less straightforward



Pattern 15: Data Contract 3/3

- **Related Patterns**

- *Pattern 14. Contract Registry*

- **Known uses**

- Chronobank

- Tokenize labor
 - Market for professionals to trade labor time with businesses
 - Generic data store uses a mapping of SHA3 key and value pairs



Chronobank.io

- Colony

- Ethereum-based platform for open organizations
 - Generic data store uses a mapping of SHA3 key and value pairs



Pattern 16: Embedded Permission 1/3

- **Summary**

- Smart contracts use an embedded permission control to restrict access to the invocation of their functions

- **Context**

- All the smart contracts can be accessed and called by all the participants and other smart contracts
- No privileged users

- **Problem**

- Permission-less function can be triggered by unauthorized users accidentally
- Permission-less function becomes vulnerability
 - E.g., A permission-less function used by Parity multi-sig wallet caused freezing 500K Ethers

- **Forces**

- Security

- Smart contract is publically available for everyone to invoke
 - Internal logic in conventional software system is normally invisible to end users
 - API/Interface is possible to enforce access control policies



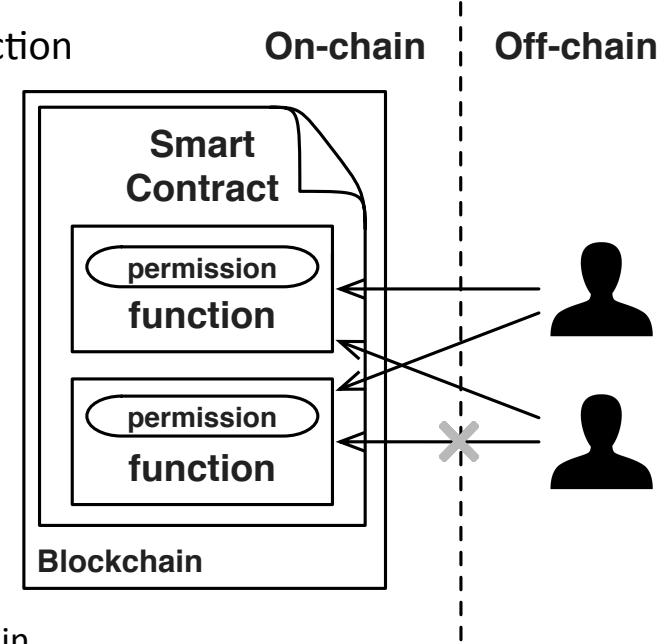
Pattern 16: Embedded Permission 2/3

• Solution

- Adding permission control before every smart contract function
 - Check authorization of the caller before executing the function
 - Check permission based on blockchain addresses
- Unauthorized calls are rejected

• Consequences

- Benefits
 - Security
 - Only authorized participants can successfully call functions
 - Secure authorization
 - Authorization leverages blockchain properties
- Drawbacks
 - Cost
 - Additional deployment and run-time cost on public blockchain
 - Lack of flexibility
 - Permissions are defined before deployment and difficult to change
 - Mechanism needed to support dynamic granting and removal of permissions



Pattern 16: Embedded Permission 3/3

- **Related Patterns**

- *Pattern 10. Multiple Authorization*
- *Pattern 11. Dynamic Authorization*

- **Known uses**

- Mortal contract on Ethereum
 - Restricts the permission of invoking the self-destruct function to the contract owner
 - *Owner* is a variable defined in the contract
- Restrict access pattern on Ethereum
 - Uses *modifier* to restrict who can call the functions
 - *Modifier* add a piece of code before the function to check certain conditions
 - Modifier makes such restrictions highly readable

```
contract owned {
    constructor() public { owner = msg.sender; }
    address owner;
}

contract mortal is owned {
    function kill() public {
        if (msg.sender == owner) selfdestruct(owner);
    }
}
```

```
modifier onlyBy(address _account)
{
    require(
        msg.sender == _account,
        "Sender not authorized."
    );
    // Do not forget the "_"! It will
    // be replaced by the actual function
    // body when the modifier is used.
    _;

    /// Make `_newOwner` the new owner of this
    /// contract.
    function changeOwner(address _newOwner)
        public
        onlyBy(owner)
    {
        owner = _newOwner;
    }
}
```

Pattern 17: Factory Contract 1/3

- **Summary**

- On-chain template contract is used as a factory that generates contract instances from the template

- **Context**

- Application might need to use multiple instances of a standard contract with customization
- Contract instance is created by instantiating a contract template
 - E.g. business process instances
- Stored off-chain in a code repository or on-chain within its own smart contract

- **Problem**

- Off-chain contract template cannot guarantee consistency between different SC instances

- **Forces**

- Dependency management: Storing smart contract off-chain introduces more components
- Secure code sharing: Blockchain is a secure platform for sharing contract code
- Deployment: Extra effort is needed to deploy a smart contract from off-chain source code

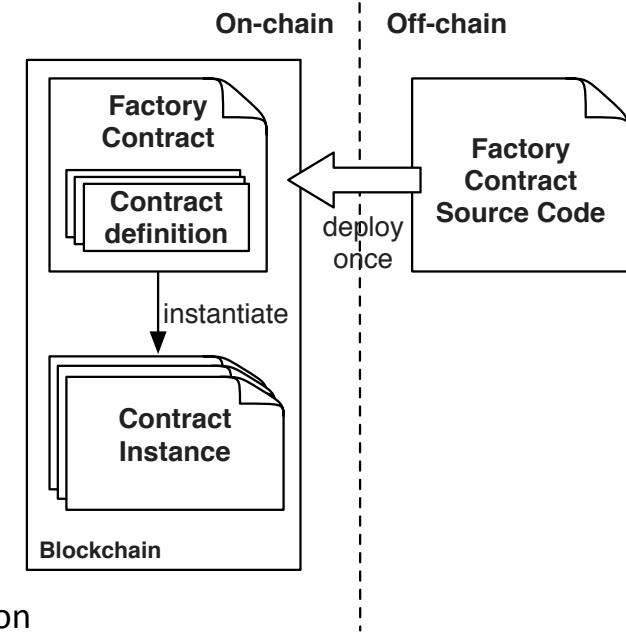
Pattern 17: Factory Contract 2/3

• Solution

- Smart contract are created from a contract factory on blockchain
- Factory contract is deployed once from off-chain source code
- Smart contract instances are generated by passing parameters to the contract factory to instantiate customized instances
- SC instance maintain its properties independently of the others
 - Class vs. Object

• Consequences

- Benefits
 - Security: On-chain factory contract guarantees consistency
 - Efficiency: Smart contract instances are generated by calling a function
- Drawbacks
 - Cost on public blockchain
 - Deployment
 - Function call for smart contract instance creation



Pattern 17: Factory Contract 3/3

- **Related Patterns**
 - *Pattern 14. Contract registry*

- **Known uses**
 - Tutorial from Ethereum developer
 - Create a contract factory
 - *Being applied in a real-world blockchain-based health care application
 - **A business process management system uses a contract factory to generate process instances



*Zhang, P., White, J., Schmidt, D.C., Lenz, G.: Applying Software Patterns to Address Interoperability in Blockchain-based Healthcare Apps (Jun 2017)

**Weber, I., Xu, X., Riveret, R., Governatori, G., Ponomarev, A., Mendling, J.: Untrusted business process monitoring and execution using blockchain.

In: BPM. pp. 329–347. Springer, Rio de Janeiro, Brazil (Sep 2016)

Pattern 18: Incentive Execution 1/3

- **Summary**

- Reward is provided to the caller of the contract function for invoking the execution

- **Context**

- Smart contracts are event-driven
 - Cannot execute autonomously
- Accessorial functions need to run asynchronously from regular user interaction
 - Clean up the expired records or make dividend payouts
 - Start after a time period

- **Problem**

- Users have no direct benefit from calling accessorial functions
- Extra monetary cost to call accessorial functions

- **Forces**

- Completeness: Regular services are supported by accessorial functions
- Cost: Execution of accessorial functions causes extra cost from users



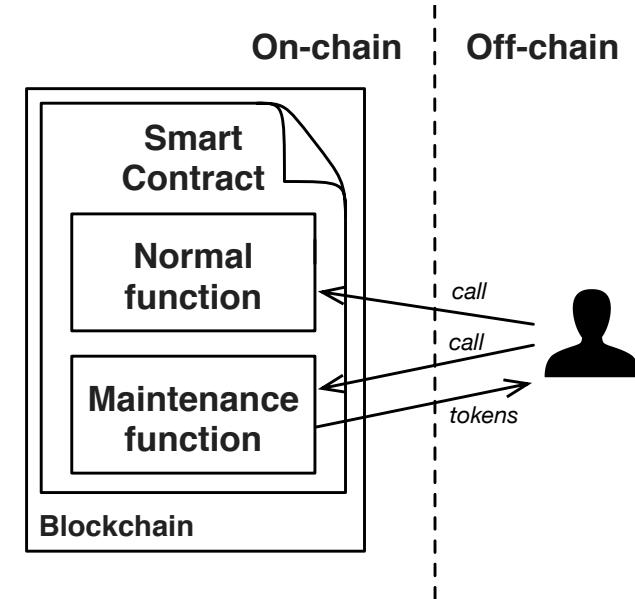
Pattern 18: Incentive Execution 2/3

- **Solution**

- Reward the caller of a function defined in a smart contract for invoking the execution
 - E.g., sending back a percentage of payout to the caller to reimburse execution cost

- **Consequences**

- Benefits
 - Completeness: Execution of accessorial functions helps to complete the regular services
 - Cost: The caller is compensated by the reward associated with the execution
- Drawbacks
 - Unguaranteed execution
 - Execution cannot be guaranteed even with incentive
 - Embed the logic of accessorial functions into other regular functions
 - Users have to call to use the services



Pattern 18: Incentive Execution 3/3

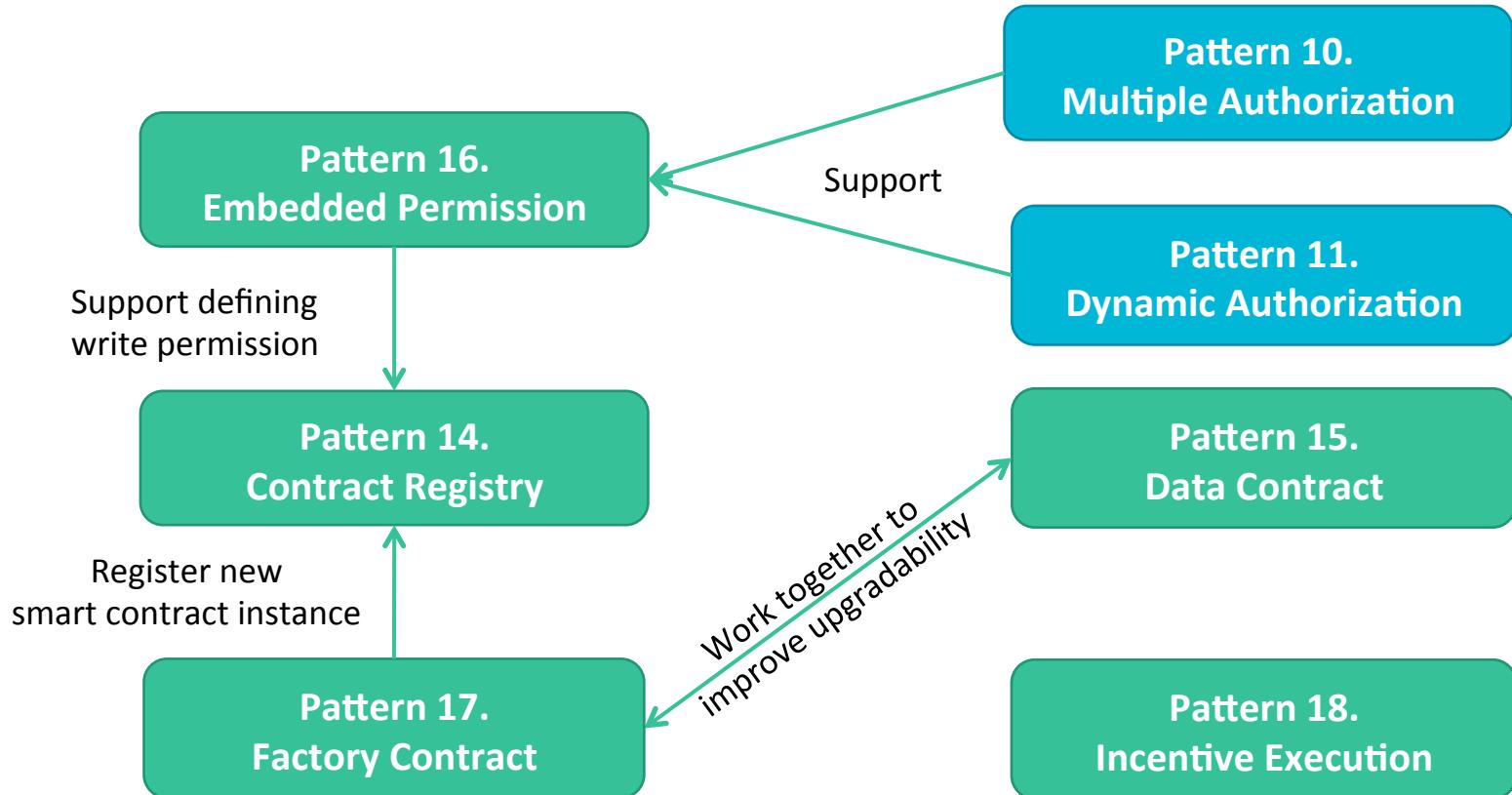
- Related Patterns N/A

- Known uses

- Regis
 - In-browser tool to create smart contract registries
 - Incentivize users to execute functions that clean up the expired records
- Ethereum alarm clock facilitates scheduling function calls for a specified block in the future
 - Provide incentive for users to execute the scheduled functions

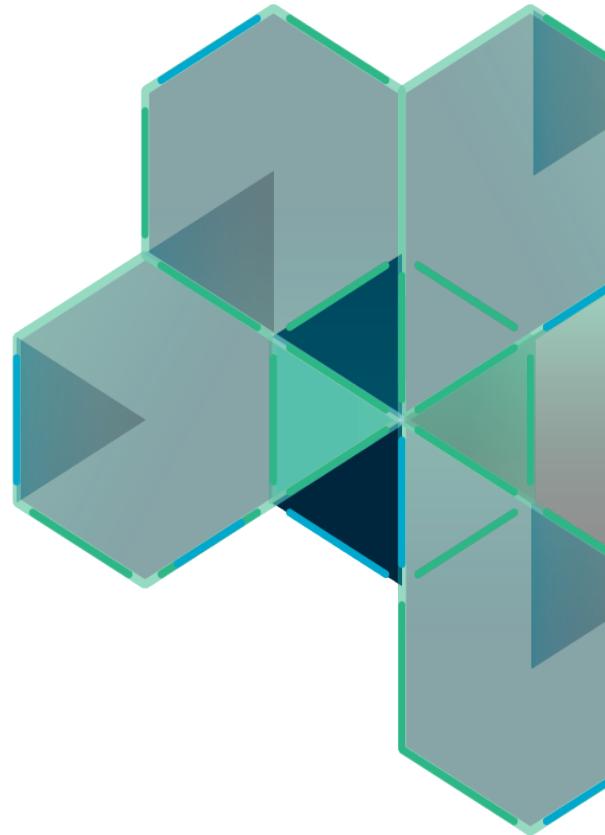


Related Patterns



Pattern Collection

- Interaction with External World (5)
- Data Management (4)
- Security (4)
- Contract (5)
- **Deployment (2)**



Pattern 19: dapp 1/3

- **Summary**

- Decentralized applications(dapps) are applications running on P2P network
- Dapps are blockchain-based websites that allow users to interact with smart contracts

- **Context**

- Users interacting with smart contracts through sending transactions to call smart contract
 - Source code of the smart contract should be open source
 - ABI (application binary interface) should be publicly accessible

- **Problem**

- Strong technical understanding of blockchain and smart contract is required
- Error-prone process with a bad user experience

- **Forces**

- Learning Curve: Read source code → understand smart contract → interact with smart contract
- Convenience: Manually generating transaction is a error-prone process



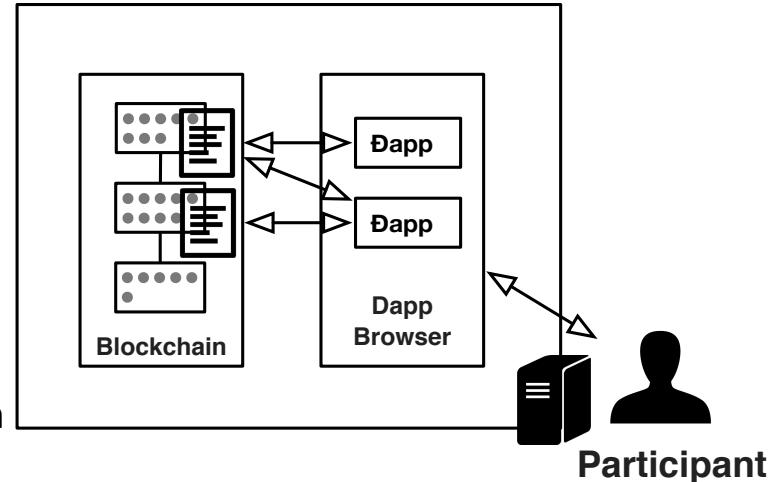
Pattern 19: dapp 2/3

- **Solution**

- Front-end for users to interact with smart contract
- Hosted on a decentralized storage
 - E.g., IPFS
- Rendered by dapp browsers or plug-ins to web browser
 - E.g., Ethereum Mist or MetaMask
- Transactions calling SC are generated by dapp
- User verifies transactions before being sent to blockchain

- **Consequences**

- Benefits
 - Convenience: User experience of using front-end is much better than manually generating transactions
- Drawbacks
 - Trust
 - Requires certain trust in the dapp provider
 - Impact of the transaction execution is not explicit without understanding the smart contract
 - Learning Curve: Require basic technical knowledge regarding transactions and smart contracts



Pattern 19: dapp 3/3

- Related Patterns
- *Pattern 20. Semi-dapp*

- Known uses
- *State of the dapp*
 - Directory of Dapps on Ethereum
 - 1800+ Dapps with different levels of maturity

The screenshot shows the homepage of stateofthedapps.com. At the top, there is a search bar with the placeholder "Search by DApp name or tag". Below the search bar are three dropdown filters: "PLATFORM" set to "Ethereum", "CATEGORY" set to "Finance", and "STATUS" set to "All statuses". To the right of these filters is a "SORT BY" dropdown set to "Newest". The main content area displays a grid of 10 dapp cards, each with a thumbnail, title, subtitle, and date. The cards are arranged in two rows of five. The titles and subtitles are as follows:

Card	Title	Subtitles	Date
1	Set	The standard for tokenized baskets	NOV 27, 2018
2	Connect Network	Open source micropayment infrastructure	NOV 27, 2018
3	DIA data	Crowd-validated, open-source data.	NOV 27, 2018
4	Abacus	The identity and compliance protocol for permissioned tokens	NOV 27, 2018
5	WalletConnect	An open source standard to connect desktop DApps to mobile Wallets	NOV 27, 2018
6	μRaiden	A payment channel framework for fast and free off-chain ERC20 token transfers	NOV 25, 2018
7	Most Expensive Artwork	Crypto-artwork by Frederik F. Mettjes	NOV 18, 2018
8	Eholders	Tokenized smart contract high income in the medium	NOV 17, 2018

<https://www.stateofthedapps.com/>

Pattern 20: Semi-dapp 1/3

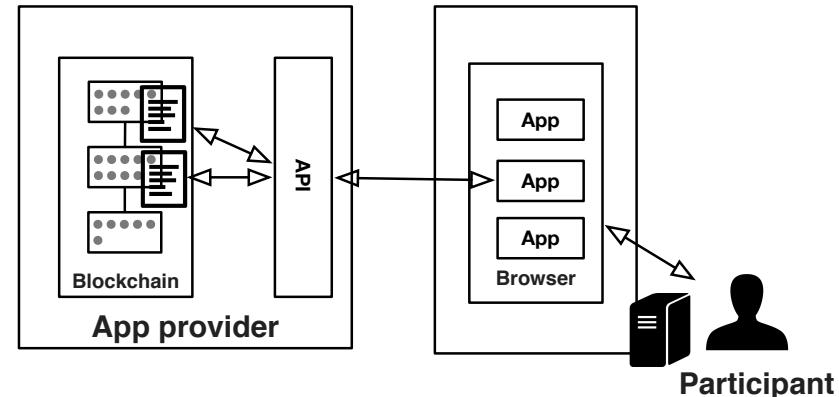
- **Summary**
 - dapp provider offers a website that can be browsed using a conventional web browser
- **Context**
 - Interacting with smart contracts through sending transactions to invoke execution
 - Source code of the smart contract should be open source
 - ABI (application binary interface) should be publicly accessible
- **Problem**
 - Even with a front-end assisting the user to interact with smart contracts
 - Basic knowledge regarding transactions and gas prices are required to use dapp and verify the transactions generated by dapp
- **Forces**
 - Learning Curve: Users need basic knowledge of smart contracts in order to use dapp
 - User Experience
 - Front-end of most dapps is quite simple
 - Exposes some technical detail of the underneath smart contract



Pattern 20: Semi-dapp 2/3

- **Solution**

- Front-end for users to interact with smart contract
- Rendered by Web browsers
 - Underneath SCs are invisible to the users
- Website communicates with the dapp backend through RESTful API calls
- Backend is responsible for interacting with the smart contracts on behalf of the user



- **Consequences**

- Benefits
 - Convenience: User experience is as same as conventional web applications
- Drawbacks
 - Trust: Requires complete trust in the dapp provider
 - dapp provider manages the private keys of users
 - Mt. Gox lost 850,000 BTC due to a compromised internal computer
 - *Check the execution of the transactions sent by the dapp through an official blockchain explorer*

Pattern 20: Semi-dapp 3/3

- **Related Patterns**

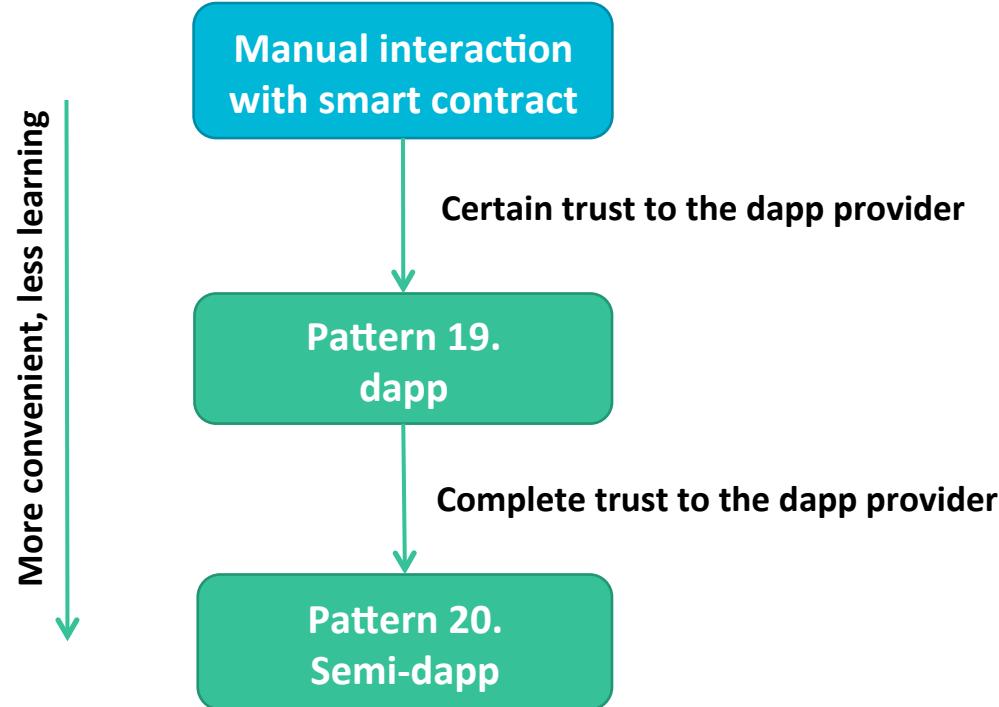
- *Pattern 19. dapp*

- **Known uses**

- Cryptocurrency Exchanges
 - Kraken
 - Francisco-based Bitcoin exchange
 - Binance
 - China-based cryptocurrency exchange



Related Patterns



Blockchain-based Application Pattern Collection



Summary 1/2

Interaction with External World

Centralized Oracle

- Introducing external state into the blockchain environment through a centralized oracle

Decentralized Oracles

- Introducing external state into the blockchain environment through decentralized oracles

Voting

- A method for a group of blockchain users to make a collective decision

Reverse Oracle

- Reverse oracle relies on smart contracts to validate requested data and check status

Legal and smart contract pair

- A bidirectional binding between a legal agreement and the corresponding smart contract that codifies the legal agreement

Data Management

Encrypting On-chain Data

- Ensuring confidentiality of the data stored on blockchain by encrypting it

Tokenisation

- Using tokens on blockchain to represent transferable digital or physical assets or services

Off-chain Data Storage

- Using hashing to ensure the integrity of arbitrarily large datasets which may not fit directly on the blockchain

State Channel

- Transactions that are too small in value or that require much shorter latency, are performed off-chain with periodic recording of net transaction settlements on-chain

Security

Multiple Authorization

- Transactions are required to be authorized by a subset of the pre-defined addresses

Dynamic authorization

- Using a hash created off-chain to dynamically bind authority for a transaction

X-Confirmation

- Waiting for enough number of blocks as confirmation to ensure that a transaction added into blockchain is immutable with high probability

Security Deposit

- A deposit from a user, which will be paid back to the user for her honesty or given to others to compensate them for the dishonesty of the user



Summary 2/2

Structural Patterns of Contract

Contract Registry

- The address, and the version of the smart contract is stored in a contract registry

Embedded Permission

- Embedded permission control is used to restrict access to the invocation of the functions defined in the smart contracts

Data Contract

- Storing data in a separate smart contract

Factory Contract

- An on-chain template contract used as a factory that generates contract instances from the template

Incentive Execution

- A reward to the caller of a contract function for invocation

Deployment

dapp

- Blockchain-based application hosted on P2P network, with a website that allows users to interact with smart contracts

Semi-dapp

- Blockchain-based application with a website that can be browsed using a conventional web browser without any dapp plugin

Course Outline – Next two weeks

Week	Date	Lecturer	Lecture Topic	Relevant Book Chapters	Notes
8th	8 Apr	Sherry Xu	Design Patterns for Blockchain Applications	7. Blockchain Patterns	
9th	15 Apr	Ingo Weber	Model-Driven Engineering	8. Model-driven Engineering for Applications on Blockchain	Assignment 2 due on 17 Apr (Wednesday)
10th	22 Apr		Easter break		
11th	29 Apr	Mark Staples + Guest Lecturer	Guest Lecture + Summary		



THANK YOU

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