

## BRIEFING NOTE

**Reviewing the Landscape of Blockchain Litigation in Singapore****- *Developments in the Last Year That Will Shape Future Matters***

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**Introduction**

In the past year, the world witnessed the crash of Luna, downfall of 3AC and the collapse of FTX. Given the shocking developments in this space, many questions have been raised about whether national laws and legal systems are well equipped to deal with the anonymous and borderless, as well as digital, nature of blockchain litigation.

The short answer is, yes. We elaborate in this briefing note.

**Overcoming the Anonymity and Borderless Issues**

Transactions involving blockchain technology are conducted over decentralised blockchains by international users operating under pseudonyms that are neither give away the location nor identity of the user. Should this user proceed to carry out unlawful transactions in this space, would the victim be able to apply to a court to bring this user to justice? Yes.

First, anonymity does not shield the wrongdoer from being subject to legal proceedings. The Singapore Courts have confirmed that they have jurisdiction over ‘persons unknown’. In *CLM v CLN* [2022] SGHC 46 (“*CLM v CLN*”) and *Janesh s/o Rajkumar v Unknown Person (“Chefpierre”)* [2022] SGHC 264 (“*Janesh v Chefpierre*”), Lee Sieu Kin J determined that it was sufficient if the claimant could describe the defendant(s) with “sufficient certainty” with respect to those who “fall within and outside of the description”.

Second, anonymity does not mean that the wrongdoer will not know that s/he has been subject to legal proceedings. Similar to courts in New York and England & Wales (which have permitted the service of court documents by modern means, i.e., nonfungible tokens (“NFTs”)),<sup>1</sup> the Singapore Courts in *CLM v CLN* and *Janesh v Chefpierre* have permitted the service of court documents by email and message sent to the wrongdoer’s cryptocurrency wallet, as well as through Twitter and Discord (a web messenger platform).

Third, the fact that a transaction was conducted by a foreign unknown person via a decentralised network of ledgers maintained by computers all over the world will not stop Singapore Courts from exercising jurisdiction. The Singapore Courts confirmed in *Janesh v Chefpierre* that so long as there is sufficient nexus to Singapore (i.e., the claimant is located in Singapore), the Singapore Courts can accept jurisdiction.

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<sup>1</sup> See [What to Expect from Service of Court Processes by NFT?](#)

### **According Proprietary Rights to Digital Assets**

Transactions with respect to digital assets involving blockchain technology (such as cryptocurrencies or NFTs) take place virtually. As such, would such assets be considered as 'property' giving rise to proprietary rights? Definitely.

Going back to the classic definition of a property right, a 'property' is something that is:

- (a) definable – that is, capable of being isolated from other assets (whether of the same type or other types);
- (b) identifiable by third parties – that is, the asset has an owner capable of being recognised by other parties;
- (c) capable of assumption by third parties – that is, third parties must respect the owner's rights and the asset is potentially desirable; and
- (d) have some degree or permanence and stability.

In *CLM v CLN* and *Janesh v Chefpierre*, the Singapore Courts determined that: (a) the strings of characters or metadata are unique to each cryptocurrency and NFT respectively, thereby making them definable; (b) such assets are held by owners with private keys, thereby making them identifiable; (c) such assets can be transferred and are obviously highly desirable given the active trading of such assets; and (d) such assets have permanence and stability not different from fiat currencies held in digital bank accounts.

### **Commentary**

As we step into the new year, and given the uncertainties in the past year, we will undoubtedly witness the unfolding of more blockchain litigation. Globally, as well as in Singapore. Our lawyers have kept abreast of the latest global developments in this space. We are well equipped to advise on contentious issues involving blockchain technology. To find out how we can help, please feel free to reach out to any member of our team.

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