

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (ChD)**

**BETWEEN:**

**(1) DR CRAIG STEVEN WRIGHT**  
**(2) WRIGHT INTERNATIONAL INVESTMENTS LIMITED**  
**(3) WRIGHT INTERNATIONAL INVESTMENTS UK LIMITED**

**Claimants**

**and**

**THE DEFENDANTS SET OUT IN SCHEDULE 1 TO THE AMENDED  
PARTICULARS OF CLAIM**

**Defendants**

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**DEFENCE OF THE 2<sup>ND</sup>-12<sup>TH</sup> AND 14<sup>TH</sup>-15<sup>TH</sup> DEFENDANTS**

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**I. INTRODUCTION AND PARTIES**

1. References in this Defence to paragraph numbers are to paragraph numbers of the Amended Particulars of Claim dated 14 February 2023 (the “**APoC**”), unless otherwise specified or apparent from context. This Defence does not admit the Claimants’ case as set out in the APoC or any part of it, save where it does so specifically and expressly. As further explained in Section II below, the Claimants’ definitions and abbreviations as pleaded at paragraph 1 are largely (and materially) contentious, such that for the most part – and regrettably – they cannot be adopted, even for convenience only. Where possible however, definitions used by the 21<sup>st</sup> to 24<sup>th</sup> Defendants (the “**Coinbase Defendants**”) in their Defence dated 10 March 2023 (the “**Coinbase Defence**”), have been adopted for convenience and ease of reference.<sup>1</sup>

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<sup>1</sup> For the avoidance of doubt, this is not intended and should not be taken as a formal admission to their pleaded meanings.

2. This Defence is filed and served on behalf of the 2<sup>nd</sup> to 12<sup>th</sup> Defendants (“**D2-D12**”) and the 14<sup>th</sup> to 15<sup>th</sup> Defendants (“**D14-D15**”), (collectively, the “**Bird & Bird Defendants**”). The Bird & Bird Defendants have had no material connection to each other, professionally or personally, beyond their participation in a public, open-source project, developing the software commonly known as Bitcoin Core.<sup>2</sup>
3. D2-D12 are all individuals. They have at no stage been members of the alleged First Defendant (“**Alleged D1**”). No such partnership exists or has existed (to the knowledge of D2-D12) at any material time. Insofar as D2-D12 have contributed to the development of Bitcoin Core (and/or the Bitcoin (i.e. BTC) System), they have done so independently of one another. [REDACTED]  
[REDACTED]
4. D14-D15 are also individuals. [REDACTED]  
[REDACTED]. Like D2-D12, they have at no stage been members of Alleged D1. Again, no such partnership exists or has existed (to the knowledge of D14-D15) at any material time. Alleged D1 is a fiction, which appears intended to advance the Claimants’ disputed narrative (by no means restricted to the instant claim) that the networks and systems at issue are not decentralised but subject to the coordinated control of the Defendants.
5. Save as set out below, the Bird & Bird Defendants have no knowledge of the Second or Third Claimants (“**C2**” and “**C3**”), which are accordingly put to strict proof of their identities, bona fides and standing to bring this claim.
6. As to the First Claimant (“**C1**”), the Bird & Bird Defendants deny all and any claims to the effect that he: (i) is the individual widely known as ‘Satoshi Nakamoto’ (“**Satoshi**”); (ii) otherwise authored the Bitcoin White Paper; and/or (iii) invented, launched or was the “*driving force*” behind the development of the technology described in that document (the “**White Paper**”). The Bird & Bird Defendants are broadly aligned with the Coinbase Defendants on these fundamental issues, which are also the key issues at

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<sup>2</sup> Albeit that each of D2 to D12 is a defendant to other proceedings involving the First Claimant, i.e. *Tulip Trading Limited v Bitcoin Association for BSV et al* (Claim No: BL-2021-000313).

large in other proceedings already before the Court.<sup>3</sup> In particular, and without limitation pending disclosure:

- 6.1. The White Paper was published by Satoshi on or about 31 October 2008. Satoshi was a pseudonym for an unknown individual or group of people. At no stage did Satoshi seek to patent, protect or otherwise exercise legal control or direction over the technology described in the White Paper or its subsequent development. On the contrary, both the Original Bitcoin (BTC) Software and the White Paper itself were released on an open-source basis, pursuant to what is known as the “**MIT Licence**”. Since then, they have been widely published and disseminated throughout the world.
- 6.2. Since the White Paper was published, a number of different individuals have claimed (or been proposed) to be Satoshi. Such claims have been hotly disputed within the Bitcoin community. Claims that C1 and Satoshi are the same individual first appeared in mainstream media in or around December 2015, including in an article published by ‘WIRED’ magazine on 8 December that year.<sup>4</sup> Three days later, on 11 December 2015, WIRED retracted its suggestion by publishing an article entitled, “*New Clues Suggest Craig Wright, Suspected Bitcoin Creator, May be a Hoaxer*”.<sup>5</sup>
- 6.3. Initially, C1 did not endorse the proposition that he might be Satoshi, at least publicly. It was not until 2 May 2016, nearly 8 years after the publication of the White Paper, that C1 publicly proclaimed himself to be its author (and thus the creator of Bitcoin). His ‘self-revelation’ was carefully scheduled and formed the culmination of a tightly managed PR campaign. This had included a now notorious interview with ‘GQ’ Magazine on or about 26 April 2016, at which polite attempts made by a Dr Nicholas Courtois of University College London to test C1’s claims were met with a barrage of angry expletives:

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<sup>3</sup> *Crypto Open Patent Alliance v Craig Steven Wright* (Claim No: IL-2021-000019); see also *Wright v Granath* (Claim No: QB-2019-002311).

<sup>4</sup> <https://www.wired.com/2015/12/bitcoins-creator-satoshi-nakamoto-is-probably-this-unknown-australian-genius/>

<sup>5</sup> <https://www.wired.com/2015/12/new-clues-suggest-satoshi-suspect-craig-wright-may-be-a-hoaxer/>

*“I’m not doing this every fucking time. I’m not going to sign every fucking key I own in the world. I’ve got the first fucking nine keys, I’ve got the fucking genesis bloody block, I’ve got the fucking code, I’ve got the fucking papers. I’m not going to go through fucking everything. I don’t really give a shit whether people like it.”*

- 6.4. C1 has boisterously maintained his claims to date but has conspicuously failed to establish them, adequately or at all. On several occasions when C1 has chosen to proffer evidence that purports to support his claims (including during the course of legal proceedings), such evidence has been shown to be inauthentic, or, at the very least, of questionable authenticity, reliability or provenance.<sup>6</sup> The Bird & Bird Defendants are presently unclear how C1 intends to establish his claims to be Satoshi in these proceedings and reserve the right to plead further if necessary.
7. In addition to the serious credibility issues identified at paragraph 30 of the Coinbase Defence, the Bird & Bird Defendants have real concerns that the instant claim (which is the latest in a series of substantial claims brought by C1 or entities under his control) has been brought for an improper collateral purpose, such as to be an abuse of the Court’s process; namely, to bully, harass and intimidate those who do not accept that C1 is Satoshi or share his idiosyncratic opinions concerning Bitcoin:
- 7.1. C1 has publicly declared himself *“the punishment of God in cryptocurrency”* and threatened *“nuclear Armageddon”* and *“Jihad”* against those who do not share his view that BSV is the only ‘true’ Bitcoin.
- 7.2. C1 has made various public comments abusive of at least D2-D12 and evincing an intention to cause them personal devastation. Examples include *“The cases will be like a lottery. Most BTC dev[eloper]s will fold. A few will be bankrupted, lose their families and collapse”* and *“I will personally hunt every dev[eloper] until they are broke, bankrupt and alone”*.

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<sup>6</sup> It is noted that C1 has commenced defamation proceedings in various jurisdictions complaining of allegations to the effect that he is not Satoshi but has not (to the knowledge of the Bird & Bird Defendants) to date obtained any findings that he is Satoshi.

- 7.3. C1 has sought to minimise such misconduct as an “*angry moment*” and/or by reference to a specific medical condition. It is however averred that C1’s public vitriol towards one or more of the Bird & Bird Defendants has not been restricted to a single ‘moment’ and, in any event, is plainly not justified or excused by that medical condition (the diagnosis and relevance of which C1 is required to prove).
- 7.4. Shortly after C1 received a judgment of Falk J declining jurisdiction in separate proceedings brought at his direction by an entity called Tulip Trading Limited against various defendants including D2-D12 (claim number BL-2021-000313, the “**Tulip Trading Proceedings**”), a letter was sent on behalf of C3 to various organisations and individuals, including D2-D12, demanding inter alia that they cease fighting claims for recovery of Bitcoin brought against them and agree to the exclusive jurisdiction of the English Court. C3 had only been incorporated in the UK the day before this letter was sent, seemingly for this very purpose.

## **II. DEFINITIONS**

8. The definitions adopted in this Defence are set out below. Again, for ease of reference, these broadly align, so far as possible, with the definitions set out in the Coinbase Defence:
- 8.1. “**Bitcoin**” is a cryptocurrency, with ticker “**BTC**”, which enables online payments to be made from one party to another without the need for a trusted third party (such as a bank). It is the original cryptocurrency created by Satoshi, first implemented in January 2009. For the sake of clarity only, the balance of this Defence will refer to it as “**Bitcoin (BTC)**”.
- 8.2. “**Bitcoin (BTC) System**” is the system that enables transactions of Bitcoin (BTC). It comprises a decentralised, peer-to-peer network of nodes (the “**Bitcoin (BTC) Network**”), Bitcoin (BTC) Blockchain and the Original Bitcoin (BTC) Software.
- 8.3. “**Bitcoin (BTC) Blockchain**” means the blockchain created by nodes participating in the Bitcoin (BTC) Network. The Genesis Block dates to 3 January 2009. Block 1 was mined on 9 January 2009.

- 8.4. **“Original Bitcoin (BTC) Software”** means the original Bitcoin software, including the source code (the **“Original Bitcoin (BTC) Code”**) and the executable program (the **“Original Bitcoin (BTC) Client”**) which was released by Satoshi on 8 January 2009 under the MIT Licence.
- 8.5. **“Bitcoin (BTC) Network”** means a decentralised peer-to-peer network of nodes operating according to a set of rules (the **“Consensus Rules”**) for determining the validity of transactions and blocks.
- 8.6. **“Bitcoin Core”** is the software which has been developed by a community of developers from the Original Bitcoin (BTC) Software created by Satoshi. It is, at the time of pleading this Defence, the most popular node software implementation used within the Bitcoin (BTC) Network.
- 8.7. **“The Genesis Block”** means the first block in the Bitcoin (BTC) Blockchain.
- 8.8. **“White Paper”** is the paper titled *“Bitcoin: A Peer-to-Peer Electronic Cash System”* which was released under the name Satoshi on 31 October 2008 to the “metzdowd cryptography” mailing list. It was subsequently hosted on SourceForge where it was published under the MIT Licence.
- 8.9. **“Bitcoin Satoshi Vision”** or **“BSV”** is a cryptocurrency with ticker BSV, created following the chain split that occurred on 15 November 2018 (as further particularised below), resulting in the creation of a new network (the **“BSV Network”**) and forked blockchain (the **“BSV Blockchain”**).
- 8.10. **“BSV Software”** is the software created and used to support the cryptocurrency BSV.
- 8.11. **“Bitcoin Cash”** or **“BCH”** is a cryptocurrency with ticker BCH, created following the chain split that occurred on 1 August 2017 (as further particularised below), resulting in the creation of a new network (the **“BCH Network”**) and forked blockchain (the **“BCH Blockchain”**).
- 8.12. **“BCH Software”** is the software created and used to support the cryptocurrency BCH.

9. Save to the extent that the definitions at paragraph 1 APoC align with those set out at this Defence, the Bird & Bird Defendants take issue with them. Without prejudice to the generality of this position, the Bird & Bird Defendants take particular issue with the following:
  - 9.1. **“BTC Core”**: It is denied that the Bird & Bird Defendants form part of a partnership, collectively or in any combination. Paragraphs 3 and 4 above are repeated.
  - 9.2. **“White Paper”**: It is denied that C1 is Satoshi and that he authored and issued the White Paper. Paragraph 6 above is repeated.
  - 9.3. **“Original Bitcoin Code”** and **“Original Bitcoin Client”**: It is denied C1 is Satoshi and that he created the source code and executable code uploaded to SourceForge on 9 January 2009.
  - 9.4. **“Bitcoin”**: It is denied that the original Bitcoin cryptocurrency created by Satoshi, first implemented in January 2009, has at any time traded under the ticker BSV. On the contrary, the term ‘Bitcoin’ is commonly understood to refer to the cryptocurrency with ticker BTC.
  - 9.5. **“Bitcoin Network”**, **“Bitcoin Blockchain”** and **“Bitcoin System”**: It is denied that BSV cryptocurrency, system, network and blockchain are a continuation of the original Bitcoin blockchain, the original Bitcoin Network and the original Bitcoin system, which were created by Satoshi from 9 January 2009. The (BSV) System, Blockchain and cryptocurrency were created following the chain split that occurred on 15 November 2018 (as further particularised below).
10. For convenience of reference, the Defence adopts the definition of Database/s at subparagraph 1(18) and the legal definitions at paragraph 2. Such is not to be taken to be an admission of allegations made in the APoC and is without prejudice to the Claimants being put to strict proof as to C1’s habitual residence at all material times, as further particularised at paragraph 42 below.

### **III. BITCOIN**

#### **Origin of Bitcoin**

11. As to paragraph 3, it is denied that C1 was responsible for devising the Bitcoin (BTC) System, writing the White Paper, making the White Paper available to the public under the pseudonym Satoshi (or otherwise), writing and testing the Original Bitcoin (BTC) Code, creating the Genesis Block on 3 January 2009 (or at all), uploading the Original Bitcoin (BTC) Code and Client to the SourceForge repository on 9 January 2009 or posting the quoted message on the Cryptography Mailing List. The Bird & Bird Defendants will say:

11.1. The White Paper was released on 31 October 2008 to the “metzdowd cryptography” mailing list. The named author was Satoshi, which is commonly understood to be a pseudonym. In November 2008, Satoshi registered the Bitcoin repository on SourceForge with the description “*Bitcoin is a peer-to-peer electronic cash system with no central mint or trusted third party*”. In December 2008, Satoshi published the White Paper on SourceForge. The Genesis Block was created on or after 3 January 2009 and embedded into the Original Bitcoin (BTC) Software. The Original Bitcoin (BTC) Software, which included the Original Bitcoin (BTC) Code and Original Bitcoin (BTC) Client and Genesis Block, was published on SourceForge on 8 January 2009. It is otherwise admitted and averred that Satoshi posted a message in the terms quoted at paragraph 3 on the Cryptography Mailing List hosted on metzdowd.com.

11.2. The White Paper and the Original Bitcoin (BTC) Software (which included the Original Bitcoin (BTC) Code and Original Bitcoin (BTC) Client and the Genesis Block, which was embedded in the Original Bitcoin (BTC) Software) were expressly released under the MIT Licence. The MIT Licence is one of a number of commonly-used generic licences under which open source software is released. It is a permissive licence which allows wide use of the code subject to the fact that the software is provided “as is” without warranty of any kind and that the authors have no liability. The full text of the MIT Licence provides:

*“Copyright <YEAR> <COPYRIGHT HOLDER>*



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- 11.3. One of the purposes of the Original Bitcoin (BTC) Software being open source is that anyone can review the Original Bitcoin (BTC) Code and improvements can be made or flaws resolved through code contributed by the community of contributors who choose to use it. That community is entirely voluntarily composed and ad hoc. It is unregulated (save for its output being governed by the MIT Licence) and it has no organisation, management or structure. It is commonly understood in the Bitcoin community that nobody owns or controls Bitcoin. This aligns with Satoshi's idea behind Bitcoin as explained in the White Paper: to create a payment system that would function without any need for a trusted third party to supervise transactions. The open-source and non-proprietary licensing of the Original Bitcoin (BTC) Software is essential to the 'no-trusted third parties' promise and premise of Bitcoin. If improvements and changes could only be made by or with the consent of Satoshi, Satoshi would have been a trusted third party.

- 11.4. The Genesis Block was created on or after 3 January 2009. A copy of the Genesis Block was embedded in the Original Bitcoin (BTC) Software.
12. Paragraph 4 is denied. The description of the purpose of Bitcoin is not accurate. The Bird & Bird Defendants will say:
- 12.1. The White Paper states that the intention of Bitcoin was to create an electronic payment system based on cryptographic proof which would enable parties to transact directly with each other without the need for a trusted third party. The White Paper contains no reference to micropayments and the contention that Bitcoin is a system specifically for micropayments is denied.
- 12.2. Indeed, Satoshi subsequently wrote that “*Bitcoin isn’t currently practical for very small micropayments*”.
- 12.3. The White Paper explains the central importance of a decentralised peer-to-peer network of nodes, operating with minimal coordination:

*“We have proposed a system for electronic transactions without relying on trust. We started with the usual framework of coins made from digital signatures, which provides strong control of ownership, but is incomplete without a way to prevent double-spending. To solve this, we proposed a peer-to-peer network using proof-of-work to record a public history of transactions that quickly becomes computationally impractical for an attacker to change if honest nodes control a majority of CPU power. The network is robust in its unstructured simplicity. Nodes work all at once with little coordination. They do not need to be identified, since messages are not routed to any particular place and only need to be delivered on a best effort basis. Nodes can leave and rejoin the network at will, accepting the proof-of-work chain as proof of what happened while they were gone. They vote with their CPU power, expressing their acceptance of valid blocks by working on extending them and rejecting invalid blocks by refusing to work on them. Any needed rules and incentives can be enforced with this consensus mechanism”.*

13. It is denied that C1 is the author of the post “*Bitcoin Open Source Implementation of P2P Currency*” dated 12 February 2009, referred to at footnote 1 of paragraph 4. It is admitted and averred that the post was published using the pseudonym Satoshi and that it emphasised the decentralised nature of the Bitcoin (BTC) System:

*“I’ve developed a new open source P2P e-cash system called Bitcoin. It’s completely decentralized, with no central server or trusted parties, because everything is based on crypto proof instead of trust. Give it a try, or take a look at the screenshots and design paper.”*

14. As to paragraphs 5 and 6, it is denied that C1 was responsible for making the Bitcoin (BTC) Blockchain available for transmission between, or use by, nodes or hosting a copy of the Bitcoin (BTC) Blockchain on an Internet Relay Chat (“**IRC**”) and/or supplying copies of the Bitcoin (BTC) Blockchain to new nodes. The Bird & Bird Defendants will say:

- 14.1. Satoshi embedded the Genesis Block into the Original Bitcoin (BTC) Software. The Bitcoin (BTC) Blockchain was built up from the Genesis Block by the work done by the participants in mining, as further particularised at paragraph 16 below.
- 14.2. Once Satoshi made available the Original Bitcoin (BTC) Software, no further steps were required to make the Bitcoin (BTC) Blockchain available for transmission and use. The Bitcoin (BTC) Blockchain was initially made available to nodes as a result of downloading and running the Original Bitcoin (BTC) Client. Running the Original Bitcoin (BTC) Client automatically connected a node to an existing IRC server. It is denied that the IRC server belonged to Satoshi or C1. The initial IRC server was Freenode, a well-known and widely used chat network run at that time by Peer-Directed Projects Center.
- 14.3. Freenode functioned only as a mechanism for participating nodes to locate each other. The Original Bitcoin (BTC) Client would post the IP address of a node participating on the Bitcoin (BTC) Network to Freenode. Nodes would then use IP addresses to connect directly to each other. The Bitcoin (BTC) Blockchain was not hosted on the Freenode network or transmitted through it. Nodes obtained the Bitcoin (BTC) Blockchain from each other as they constructed it.

15. As to Paragraph 7:
  - 15.1. The first sentence is denied. The Genesis Block was embedded in the Original Bitcoin (BTC) Software. The Bitcoin (BTC) Blockchain, as it developed beyond the Genesis Block, was not included within the Original Bitcoin (BTC) Software.
  - 15.2. Following the release of the Original Bitcoin (BTC) Software, Satoshi released numerous further versions of that software. Several versions effectively embedded the Bitcoin (BTC) Blockchain as extended from the Genesis Block, by hardwiring the identities of blocks from the Bitcoin (BTC) Blockchain. Each version of the software was expressly released under the MIT Licence. The last version which Satoshi released with the Bitcoin (BTC) Blockchain embedded in it was version 0.3.19, released on 13 December 2010 on the SourceForge website under the MIT Licence. Version 0.3.19 effectively embedded the contents of the Bitcoin (BTC) Blockchain up to block 74,000. Accordingly, the Bitcoin (BTC) Blockchain was released on an open-source basis.
  - 15.3. As to the second and third sentences, blockchains developed using the Original Bitcoin Code and Client will always extend from the Genesis Block. By running any subsequent version of the Original Bitcoin (BTC) Software from version 0.3.19 onwards, nodes would automatically connect to other nodes and transmit and receive copies of the Bitcoin (BTC) Blockchain. A distinct blockchain could only form if nodes ran incompatible software.
16. As to paragraph 8, it is admitted that the Bitcoin (BTC) Blockchain extended from the Genesis Block by the process of mining. Mining is the mechanism by which nodes, operated by participants called miners, confirm transactions on the Bitcoin (BTC) Network. In order for blocks to be appended to the Bitcoin (BTC) Blockchain a miner must solve a cryptographic puzzle called a hash problem. Once a block is validated, each node adds it to its own copy of the Bitcoin (BTC) Blockchain. It is denied that the Claimants' statement at footnote 2, that only miners are nodes, is correct. It is common usage to refer to other, non-mining participants in the Bitcoin (BTC) Network, as nodes.
17. Save that it is denied that C1 wrote the post "*Re: Transactions and Scripts: DUP HASH 160 ... EQUAL VERIFY CHECKSIG*" dated 18 June 2010 and published using the pseudonym Satoshi, paragraph 9 is admitted.

18. As to paragraph 10:
  - 18.1. The first sentence is denied. Bitcoin (BTC) transactions do not necessarily involve agreement or transfers of Bitcoin (BTC) between parties.
  - 18.2. The second sentence is denied. There is no single mempool within the Bitcoin (BTC) Network. Each node in the Bitcoin (BTC) Network may maintain its own mempool of pending transactions. Each node may independently verify a transaction when it receives it.
  - 18.3. As to the third and fourth sentences, the description of the process by which nodes operate is not accurate and not admitted. Not all nodes are mining nodes. Each node determines whether to add a transaction to its mempool depending on whether the transaction meets the consensus rules for the network in question and any additional rules the node sets. Once a transaction is included in a block which a node has accepted the transaction is referred to and regarded as “confirmed” with a count of confirmations given by the number of blocks at and after its inclusion in the chain.
19. As to paragraph 11, save that the definitions of Bitcoin System and Bitcoin Core are denied, it is agreed and averred that the electronic cash produced by the Original Bitcoin System was referred to as Bitcoin and that the tickers XBT and BTC have been used as alternative tickers for Bitcoin (the ticker XBT post-dating the use of BTC).
20. As to paragraph 12, it is admitted and averred that Satoshi withdrew from the community of developers working on the development of the successive versions of the Original Bitcoin (BTC) Software and from any role in further developing the Bitcoin (BTC) System in or around April 2011. On 13 December 2010, prior to his withdrawal, Satoshi updated almost every file in the Bitcoin repository on SourceForge, amending all the licensing notices to read “Copyright © 2009-2010 Bitcoin Developers” instead of “Copyright © 2009-2010 Satoshi Nakamoto”. His last public participation in developing any successive version of the Original Bitcoin (BTC) Software was on 15 December 2010. The Claimants do not explain what is meant by the statement that Mr Gavin Andresen took over as the “lead developer of Bitcoin”. They are required to provide further and better particulars and will be put to strict proof as to the same. Paragraph 12 is otherwise denied. In particular:

- 20.1. It is denied that the network alert mechanism was centrally controlled. In August 2010, Satoshi created a mechanism that could be used to send messages to users, advising them of critical vulnerabilities on the Bitcoin (BTC) Network. Before he withdrew from the community of developers, Satoshi gave the alert key and broadcast code to multiple people, including but not limited to Mr Gavin Andresen. The complete set of persons in possession of the alert key and code is unknown because the key has subsequently been shared with members of the Bitcoin community. The alert function was only used on a small number of occasions before it was removed.
- 20.2. It is denied that Satoshi gave Gavin Andresen access to the Bitcoin Code repository on GitHub. Gavin Andresen established a new code repository on GitHub. He was not given access to it by Satoshi Nakamoto; he had access by virtue of creating it.
- 20.3. It is denied that C1, using the pseudonym Satoshi, worked on the development and enhancement of the software running the Bitcoin (BTC) System until April 2011. C1 is not Satoshi.
- 20.4. It is denied that, thereafter, C1 continued to be the driving force behind the improvement and promotion of the Bitcoin (BTC) System. This claim is inconsistent with statements made by C1 in the Tulip Trading Proceedings referred to at paragraph 7.4 above to the effect that C1 was Satoshi and withdrew from the community of developers working on the Bitcoin (BTC) System in April 2011.<sup>7</sup>

### **1 August 2017 “airdrop”**

21. Paragraph 13 is denied. The process by which a new network is created is referred to as a “hard fork”. As to this process, the Bird & Bird Defendants will say as follows:

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<sup>7</sup> First witness statement of Craig Wright in the Tulip Trading Proceedings at §17 and §20.

- 21.1. A new network is created when participants on the Bitcoin (BTC) Network adopt software which implements incompatible rules for the validity of transactions and blocks (the “**Consensus Rules**”).
- 21.2. The participants form a network only with other participants whose rules are compatible. When multiple incompatible rule sets are in use multiple networks will form, with their own independently operating currencies.
22. With regard to paragraph 14, it is denied that, in 2016, D2-D12 proposed or supported changes to the Bitcoin (BTC) System which deviated from the principles and protocols (the Consensus Rules) as alleged at sub-paragraph 32(2). Sub-paragraph 32(2) is responded to at paragraph 34 below.
23. Paragraph 15 is denied.
- 23.1. On 1 August 2017, a new implementation of the Bitcoin Software – “the **BCH Software**” also known as “the **BCH ABC Software**” – was deployed on the Bitcoin (BTC) Network. The Bitcoin (BTC) System had a blocksize limit of 1MB. Among other changes, the BCH Software increased the blocksize limit from 1MB to 8MB. The new BCH software was incompatible with the Consensus Rules for the Bitcoin (BTC) Network and therefore resulted in a hard fork and the creation of a new system (the “**BCH System**”), which included a forked blockchain (the “**BCH Blockchain**”) and new cryptocurrency (“**Bitcoin cash**” with ticker BCH).
- 23.2. Bitcoin Core is the term commonly used to refer to the most popular node software implementation used within the Bitcoin (BTC) Network. It was originally called Bitcoin but that became confusing after other software was developed, including non-node software. Community participants adopted the name Bitcoin Core since nodes are the core of the system. The adoption of this name was unrelated to the hard fork which occurred on 1 August 2017, resulting in the creation of the BCH Network. The renaming was completed in December 2013.<sup>8</sup>

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<sup>8</sup> <https://github.com/bitcoin/bitcoin/pull/3408>

24. Paragraph 16 is denied. The name Bitcoin and the ticker BTC continued to be used in relation to the original Bitcoin currency, i.e. Bitcoin with ticker BTC.
25. Paragraph 17 is denied. The deployment of the BCH Software on the Bitcoin (BTC) Network on 1 August 2017 resulted in the creation of a new network – the BCH Network – which included a forked blockchain (the BCH Blockchain) and new cryptocurrency (Bitcoin Cash). From 1 August 2017:
- 25.1. The original Bitcoin (BTC) Network continued to add blocks mined by its nodes to the Bitcoin (BTC) Blockchain, thereby extending the Bitcoin (BTC) Blockchain.
- 25.2. The BCH Network (running the BCH Software) began adding blocks mined by its nodes to copies of the Bitcoin (BTC) Blockchain, creating a parallel blockchain from 1 August 2017 (“the **BCH Blockchain**”). The BCH Blockchain was identical to the Bitcoin Blockchain from and including the Genesis Block up to and including block 478,558.
26. As to paragraph 18, is it agreed and averred that the events of 1 August 2017, as particularised at paragraphs 23 to 25 above, resulted in the creation of the BCH Network and new cryptocurrency BCH (Bitcoin Cash). For the avoidance of doubt, the description of the events at paragraphs 13 to 17 of the APoC is not accurate and is not admitted. The accuracy of the term “airdrop” to describe these events is neither admitted nor denied, the use of this terminology being a matter of disagreement within the cryptocurrency community.

#### **15 November 2018 “airdrop”**

27. Paragraphs 19 to 21 are denied. On or around 15 November 2018, two new implementations of the BCH Software were deployed on the BCH Network:
- 27.1. On 16 August 2018, nChain, a company established by C1, announced an alternative software for use within the BCH System called Bitcoin Satoshi Vision (the “**BSV Software**”). Among other changes, the BSV Software provided for the blocksize limit to increase from 32 MB to 128MB.



- 27.2. At the same time, a new version of software – the Bitcoin ABC Software – was released which provided for backwards incompatible changes relating to transaction order and new “**Opcodes**”.<sup>9</sup>
- 27.3. The BSV Software was incompatible with the Consensus Rules for the BCH Network, resulting in the creation of a new system (the “**BSV System**”), which included a forked blockchain (the “**BSV Blockchain**”) and new cryptocurrency (“**Bitcoin Satoshi Vision**” with ticker BSV).
- 27.4. the Bitcoin ABC Software was also incompatible with the Consensus Rules for the BCH Network, resulting in the creation of a further new system. It was subsequently accepted within the cryptocurrency community that this should continue to be referred to as the BCH System, which included the BCH Network, BCH Blockchain and the cryptocurrency Bitcoin Cash, with ticker BCH.
28. Paragraph 22 is denied. The deployment of the BSV Software and Bitcoin ABC Software on the BCH Network on 15 November 2018, resulted in the creation of a new system – the BSV System – which included a forked blockchain (the BSV Blockchain) and new cryptocurrency (BSV). From 15 November 2018:
- 28.1. The original Bitcoin (BTC) Network continued to add blocks mined by its nodes to the Bitcoin (BTC) Blockchain, thereby extending the Bitcoin (BTC) Blockchain.
- 28.2. The BCH Network (running the Bitcoin ABC Software) continued to add blocks mined by its nodes to copies of the BCH Blockchain.
- 28.3. The BSV Network (running the BSV Software) began adding blocks mined by its nodes to copies of the BCH Blockchain, creating a parallel blockchain from 15 November 2018 (the “**BSV Blockchain**”). The BSV Blockchain was identical to the BCH Blockchain up to and including block 556,766.

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<sup>9</sup> Opcodes are computer instructions which can be included in transactions to specify programmatic rules which constrain how funds can be subsequently spent.

#### **IV. THE DEFENDANTS**

29. Insofar as paragraph 23 concerns the 13<sup>th</sup> Defendant, the Bird & Bird Defendants do not plead to the same. Insofar as paragraph 23 concerns D2-D12, the Bird & Bird Defendants will say as follows:
- 29.1. Paragraph 3 above is repeated. The residence of D2-D12 is not otherwise material to the issues raised by this claim. Accordingly, D2-D12 do not plead to sub-paragraphs 23(1)-(12).
- 29.2. The Claimants have failed to particularise fully or at all what is meant by “*developers of the BTC System as a whole and/or its constituent parts*”. The Claimants are required to provide further and better particulars and will be put to strict proof as to the same. Without prejudice to the requirement that the Claimants provide further and better particulars, D2-D12 will say that D2-D12 have contributed, as open-source developers, to the popular Bitcoin node software known as Bitcoin Core, a large open-source project with hundreds if not thousands of contributors.
- 29.3. The allegation that D2-D12 own and/or operate and/or procure the operation of nodes in order to mine Bitcoin (BTC) is denied.
30. With regards to paragraphs 24:
- 30.1. Paragraph 4 above is repeated.
- 30.2. The Claimants have failed to particularise fully or at all what is meant by “*developers of the BTC System as a whole and/or its constituent parts*”. The Claimants are required to provide further and better particulars and will be put to strict proof as to the same.
- 30.3. The allegation that D14-D15 own and/or operate and/or procure the operation of nodes in order to mine Bitcoin (BTC) is denied.
31. The Bird & Bird Defendants do not plead to paragraphs 25 to 29, which concern other Defendants in these proceedings.

## **V. THE CLAIMANTS' CLAIM**

32. Paragraph 30 is not particularised and, accordingly, is not admitted. Without prejudice to that position, and for the avoidance of doubt, it is denied (if alleged) that the persons who modified the BCH Software to produce the BSV Software are entitled to license the BSV Software, and thereby the Bitcoin (BSV) Network and System, in circumstances where both are variations of the Original Bitcoin (BTC) Software, which was released under the MIT Licence. Further or alternatively, even if, which is denied, the persons who modified the BSV Software are permitted to license the BSV Network and BSV System, it is denied that any such licence would impact on participation in the Bitcoin (BTC) Network and System or the ability to modify successive versions of the Original Bitcoin (BTC) Software.
33. Paragraph 31 is denied:
- 33.1. It is denied that the Bitcoin (BSV) System (i.e. the system which enables transactions of Bitcoin Satoshi Vision and comprises the BSV Blockchain and the BSV Software) is the original Bitcoin system created and released by Satoshi in January 2009. The Bitcoin (BSV) Network was created on 15 November 2018, when the BSV software, which was incompatible with the Consensus Rules for the BCH Network, was implemented. Paragraphs 27 to 28 above are repeated.
- 33.2. The Original Bitcoin (BTC) Software (which included the Original Bitcoin (BTC) Code and Original Bitcoin (BTC) Client and the Genesis Block) and the White Paper were released by Satoshi under the MIT Licence. Paragraph 11 above is repeated. The Bitcoin (BTC) Blockchain, as extended from the Genesis Block, was effectively embedded in subsequent versions of the Original Bitcoin (BTC) Software released by Satoshi Nakamoto, also under the MIT Licence. Paragraph 15 above is repeated.
- 33.2.1. It is denied that C1 is Satoshi. C1 was therefore never in a position to authorise, approve, consent to or license the operation of the Bitcoin (BTC) System and its various components.

33.2.2. Further, and in any event, the MIT licence authorised the rights inter alia to use, copy, modify, publish and distribute copies of the Original Bitcoin (BTC) Software and successive versions, including the Bitcoin (BTC) Blockchain as effectively embedded in subsequent versions, subject only to the condition that the same copyright notice and permission notice be included in “*all copies or substantial portions*” of the Original Bitcoin (BTC) Software. Accordingly, the operation of the Bitcoin (BTC) System and the Bitcoin (BTC) Blockchain, as well as the operation of new systems created using modified software, were authorised at the outset.

34. As to paragraph 32:

34.1. It is denied that the statements referred to at paragraphs 32(1) and (2), published using the pseudonym Satoshi, were made by C1. It is further denied that the statements referred to at paragraphs 32(1) and (2) in any way modify the broad scope of the authorisation conferred by the MIT Licence for the operation of the Bitcoin (BTC) System and its components, as well as the operation of new systems created using modified software.

34.2. Sub-paragraph 32(3) is denied. It is denied that there are “*owners*” or “*operators*” of the Bitcoin (BTC) System and Network responsible for developing a single authoritative version of the Original Bitcoin (BTC) Software. Successive versions of the Original Bitcoin (BTC) Software have been developed by a community of developers which has no organisation or management. It is further denied that any or all of the alleged changes required authorisation or approval by any of the Claimants. Paragraph 33 above is repeated. Without prejudice to the generality of this position, the Bird & Bird Defendants will say as follows in response to the alleged changes identified at sub-paragraphs 32(3)(a) – (f):

34.2.1. As to sub-paragraph 32(3)(a), it is admitted that SegWit was introduced as an optional protocol addition to the Bitcoin (BTC) System. It was introduced to resolve several denial-of-service vulnerabilities. It is denied that the introduction of SegWit enabled “*off*” or “*side*” blockchains or reduced the ability to verify transactions. It has no effect on the ability to verify transactions, save that it allows higher transaction throughput. The

Bitcoin (BCH) System subsequently introduced the SegWit signature scheme, but on a mandatory rather than optional basis. The Bitcoin (BSV) inherited this mandatory requirement when it was created from the Bitcoin (BCH) System.

34.2.2. Sub-paragraph 32(3)(b) is denied. The Lightning Network is not a separate network. The Lightning Network operates on the Bitcoin (BTC) Network and implements payment channels (something originally proposed by Satoshi) to enable the more efficient transaction of Bitcoin (BTC).

34.2.3. Sub-paragraph 32(3)(c) is denied. Transaction fees are determined by market forces. They are not set by developers or the result of changes to the Original Bitcoin (BTC) Software or the Consensus Rules for the Bitcoin (BTC) System.

34.2.4. Sub-paragraph 32(3)(d) is denied. Save for changes made by Satoshi in 2010, there have been no material changes to the original Opcodes on the Bitcoin (BTC) System. From 2012, additional Opcodes were introduced but their use was optional and therefore only increased flexibility.

34.2.5. Sub-paragraph 32(3)(e) is denied. There has at no point been a NLockTime Opcode on the Bitcoin (BTC) System. NlockTime is not an Opcode; it is a field in each transaction on the Bitcoin (BTC) System. Save that BIP113 arguably changed (i.e. tightened) the semantics of the NLockTime field in 2015 (using the median-time-past of each block as reference point rather than its actual timestamp), NlockTime continues to work in the Bitcoin (BTC) System much as it did when last modified by Satoshi in 2009. Two alternative locktime mechanisms based on Opcodes – CLTV and CSV – were added in 2015 and 2016. Their usage is optional, complementary to the original NlockTime field and in no way disabled or inhibited the NlockTime function.

34.2.6. Sub-paragraph 32(3)(f) is denied. It is denied that transactions using the Lightning Network are untraceable. As is the case for all transactions on the Bitcoin (BTC) System, transactions may be effected privately, for

example by exchanging private keys stored on hard discs. It is not the case that such transactions are untraceable.

- 34.3. Sub-paragraph 32(4) is unparticularised, not admitted and the Claimants are put to proof as the same. In any event, C1's alleged "*opposition*" to Bitcoin (BTC), the Bitcoin (BTC) System and the Bitcoin (BTC) Network is not material to any issue in the claim.
35. Save that it is admitted that block 230,009 was mined on 6 April 2013, paragraph 33 is denied. Block 230,009 contains approximately 945 "pay to fake multisig" outputs. Each of those 945 outputs contains three 65-byte segments (as fake key data) of the electronic form of the White Paper. Reconstructing the relevant data in block 230,009 into a readable or usable form of the White Paper would involve: (i) going through each "pay to fake multisig" output in order; (ii) extracting the bytes from the fake key data; (iii) combining all fake key data into a file; and (iv) opening this file in a third-party application. Further, the person reconstructing this data would have to know at the outset that the transaction contained fake key data which could be reconstructed into something else.
36. With regard to sub-paragraph 34(1):
- 36.1. It is denied that in order to operate as a node a device must download the Bitcoin Core software and download the entire Bitcoin (BTC) Blockchain from bitcoin.org. To operate as a node on the Bitcoin (BTC) Network, a participant must download software compatible with the Consensus Rules for the Bitcoin (BTC) Network to their device. Bitcoin Core is the most widely used software implementation compatible with the Consensus Rules for the Bitcoin (BTC) Network but there are alternatives available. The Bitcoin (BTC) Blockchain is not hosted or stored on bitcoin.org. The Bitcoin (BTC) Blockchain is sent directly to a new node from those nodes it has connected to. A node does not, however, necessarily have to store a full copy of the Bitcoin (BTC) Blockchain.
- 36.2. It is denied that bitcoin.org is operated by BTC Core. Again, there is no such partnership. For the avoidance of doubt, bitcoin.org is not operated by any of the Bird & Bird Defendants. Bitcoin.org is operated by Cobra LLC (which is also not owned or operated by any of the Bird & Bird Defendants).

37. As to the remainder of paragraph 34:
- 37.1. The Bird & Bird Defendants take issue with the definition of the original Bitcoin Blockchain as referring to the Bitcoin (BSV) Blockchain. The original Bitcoin Blockchain is the Bitcoin (BTC) Blockchain. In the premises, sub-paragraph 34(2) is denied. Nodes detect when transactions occur and check their validity against the Bitcoin (BTC) Blockchain and the Consensus Rules (or such other blockchain and consensus rules which nodes are using at that time).
- 37.2. As to sub-paragraph 34(3) the Claimants have failed to particularise what information is extracted from the Bitcoin (BTC) Blockchain and what is meant by persons “*using*” the Bitcoin (BTC) System. The Claimants are required to provide further and better particulars.
- 37.3. As to sub-paragraph 34(4), it is admitted that new blocks are added to the Bitcoin (BTC) Blockchain approximately every 10 minutes. As noted above, the Bird & Bird Defendants take issue with the distinction between the original Bitcoin Blockchain and the Bitcoin (BTC) Blockchain. Sub-paragraph 34(5) is therefore denied to the extent that it relies on this distinction. It is admitted and averred that the Bitcoin (BTC) Blockchain and the BSV Blockchain are identical up to and including block 478,558. It is further admitted that new blocks are distributed to the network to be appended to the Bitcoin (BTC) Blockchain. However, many operators run nodes in “limited mode” in order to conserve bandwidth, whereby the node will not distribute the historical Bitcoin (BTC) Blockchain to any third parties.
38. As to paragraph 35, the Claimants have wholly failed to particularise the “*acts*” allegedly “*undertaken*” by D14-D15 “*in the United Kingdom*”. Contrary to paragraph 35, these are not “*set out in paragraph 34*” of the APoC, adequately or at all. Rather, paragraph 34 inaccurately describes what are alleged to be certain inevitabilities when operating the Bitcoin (BTC) System, including what is required in order for “*a device*” to operate as a node. As to those alleged inevitabilities, paragraphs 36 and 37 above are repeated. D14-D15 are unable to admit or deny paragraph 35 as pleaded and require further and better particulars. The Claimants will be put to strict proof as to the same.

Insofar as paragraph 35 concerns the 18<sup>th</sup> and 22<sup>nd</sup> Defendants, the Bird & Bird Defendants do not plead to the same.

39. Paragraphs 36 and 37 are denied:

39.1. It is denied that any database right or rights, within the meaning of the Database Regulations, subsists in the Database/s.

39.2. If, and to the extent that any database right or rights exist, it is denied that C1 was the maker of the Database/s and therefore the first owner of any database right(s) in the same. Paragraphs 11 to 14 above are repeated. The alleged basis for C1's claim to be maker of the Database/s is dealt with in response to paragraphs 43 to 49 at paragraphs 44 to 49 below.

39.3. In the alternative, if (which is denied) any database right or rights exist at all, and C1 was a maker of the Database/s, it is denied that C1 was habitually resident in the UK at the material time as required by Regulation 18 of the Database Regulations such that database right or rights subsisted in the Database/s.

39.4. In the premises, it is denied that C1 was capable of and/or did, in fact, assign any database right or rights to the Second Claimant ("C2") and/or the Third Claimant ("C3").

40. Insofar as paragraph 38 concerns the 18<sup>th</sup> and 22<sup>nd</sup> Defendants, the Bird & Bird Defendants do not plead to the same. Insofar as paragraph 38 concerns D14-D15, it is denied:

40.1. The Claimants have failed to particularise fully or at all what they mean by "*participating in the operation of the BTC Network*" or what information is allegedly extracted and re-utilised by D14 and D15. In the premises, and pending provision of further and better particulars, D14 and D15 do not plead to those allegations and the Claimants are put to strict proof of the same.

40.2. It is denied that any database right(s) in the Database/s exist(s) or that any such rights vest in the Claimants. Paragraph 39 above is repeated.



40.3. It is denied that C1 holds copyright in the White Paper. C1's claim to hold copyright in the White Paper, and the contention that such copyright is infringed by copying block 230,009 in the Bitcoin Blockchain, is dealt with at paragraphs 54 to 58 below.

40.4. Further, and in any event, the Original Bitcoin (BTC) Software, together with the Bitcoin (BTC) Blockchain and the White Paper (which constituted an associated documentation file of the Original Bitcoin (BTC) Software) were released under the MIT licence, which authorised the rights inter alia to use, copy, modify, publish and distribute copies of the Original Bitcoin (BTC) Software (which embedded the Genesis Block) and the White Paper. Accordingly, the operation of the Bitcoin (BTC) System and its components, including extracting and reutilising parts of the Bitcoin (BTC) Blockchain, were authorised from the date on which the Original Bitcoin (BTC) Software and the White Paper were made available to the public. The Bird & Bird Defendants will refer to the following statements whereby C1 has publicly acknowledged that both the White Paper and the Original Bitcoin (BTC) Software were released on an open-source basis:

40.4.1. In a social media exchange on or about 7 September 2018, in answer to the question "*Was the W[hite] P[aper] ever published under e.g. MIT or does the copyright remain with the original author(s)*" C1 publicly and unequivocally stated: "*The entire WP is MIT*".

40.4.2. In an article published on 2 April 2018, C1 stated:

*"The creation and transfer of Bitcoin is based on an open-source cryptographic protocol (essentially, a software program that is free to download, with users having access to the source code and ability to modify it), and utilises a peer-to-peer computer network made up of its*

*users' machine network) to validate transactions by solving complex mathematical equations.”<sup>10</sup>*

41. Paragraph 40 is denied insofar as it concerns the Bird & Bird Defendants. They are not liable, jointly or at all, for any alleged acts of infringement (which, so far as possible given the limited particulars provided, are pleaded to below). Save as aforesaid, the Bird & Bird Defendants do not plead to the same.

**Subsistence of database right in the Bitcoin (BTC) Blockchain**

42. With regard to paragraph 41:
- 42.1. It is neither admitted nor denied that C1 has been habitually resident in the UK since October 2015 to present, such facts not being within the knowledge of the Bird & Bird Defendants. The Claimants are put to strict proof of the same.
- 42.2. If and to the extent that the concept of habitual residence applies to legal entities as a matter of law (which is not admitted), it is neither admitted nor denied, and the Claimants are required to prove, that that C2 and C3 have been habitually resident in the UK since their incorporation. Again, such facts are not within the knowledge of the Bird & Bird Defendants.
43. As to paragraph 42, the Bird & Bird Defendants take issue with the definition of the Bitcoin Blockchain as referring to the Bitcoin (BSV) Blockchain. The original Bitcoin Blockchain is the Bitcoin (BTC) Blockchain. Paragraph 42 is not otherwise admitted and the Claimants are put to proof of the same.
44. Paragraphs 43 to 46 are denied:
- 44.1. It is denied that C1 carried out or was otherwise responsible for the acts identified at paragraphs 43 to 46.

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<sup>10</sup> Wright, Craig S, Bitcoin: SEIR-C Propagation Models of Block and Transaction Dissemination (published 2 April 2018). Available at SSRN: <https://ssrn.com/abstract=3151940> or <http://dx.doi.org/10.2139/ssrn.3151940>

- 44.2. It is denied that the acts identified at paragraphs 45 and 46, whether individually or taken together, constitute, for the purposes of Regulation 13 of the Database Regulations, “*substantial investment in obtaining, verifying or presenting the contents*” of the Database/s as defined at paragraph 1(18) of the Amended Particulars of Claim. Verification of transactions and blocks is performed by the system software automatically and with minimal cost (in terms of energy use) and without supervision or intervention by the relevant user, save for them having chosen the software to run with whatever modifications they have applied to it.
45. Without prejudice to the generality of the denial that C1 carried out or was otherwise responsible for the acts identified at paragraph 45:
- 45.1. As to sub-paragraph 45(3), insofar as it is alleged that Satoshi “hosted” the Bitcoin Blockchain on a website, network or IRC, it is denied. Paragraph 14.3 above is repeated.
- 45.2. As to sub-paragraph 45(4), the Claimants have failed to particularise properly or at all what investment, funds, effort and/or energy it is said C1 contributed to the development of the Bitcoin (BTC) Code and Client and the Bitcoin (BTC) Network. The Claimants are required to provide further and better particulars and will be put to strict proof as to the same.
- 45.3. As to sub-paragraph 45(5), it is denied that C1 continues, or was at any time, “*personally responsible*” for the Bitcoin (BTC) System by developing the Bitcoin (BTC) System. The Bitcoin (BTC) System was created by Satoshi and it is denied that C1 is Satoshi. Paragraph 11 above is repeated. No individual has (or has had at any material time) personal responsibility for the Bitcoin (BTC) System. At all material times, Bitcoin (BTC) Software has been developed by a community of developers which has no organisation or management. The software is modified by consensus and on an open contributor model, where anyone can contribute towards its development. Paragraph 34.2 above is repeated.
46. It is denied that C1 carried out or was otherwise responsible for the acts identified at paragraph 46. In the premises he has not taken any relevant initiative or assumed any

relevant risks. Without prejudice to the generality of that denial, the description of the operation of the Original Bitcoin (BTC) System, and the way in which miners are rewarded for mining activities, is not accurate and is not admitted:

- 46.1. It is admitted and averred that nodes in the Bitcoin (BTC) Network perform the functions listed at sub-paragraphs 46(4)(a) to (e).
- 46.2. Satoshi did not create (and accordingly, C1 did not create) 21,000,000 Bitcoins (BTC) at the date of and in the Original Bitcoin (BTC) Code (or at all). New Bitcoins (BTC) are issued only when a new block is generated through mining. Satoshi explained this process, stating “*You could say coins are issued by the majority*”.<sup>11</sup>
- 46.3. The Original Bitcoin (BTC) Code included a cap of approximately 21,000,000 on the number of new Bitcoins (BTC) that can be created. Such limit is a consensus-enforced cap on the number of new Bitcoins (BTC) that can be issued and/or an algorithmic property of the Bitcoin (BTC) System.
- 46.4. Neither Satoshi nor any other individual (including C1) pays or provides newly issued Bitcoin (BTC) to the first miner. The Consensus Rules allow each successful miner to award themselves a predetermined amount of Bitcoin (BTC) in the newly propagated block in addition to any transaction fees paid by the transacting parties.
- 46.5. As to sub-paragraph 46(2)(c), it is denied that C1 is Satoshi and/or that C1 provided and/or regulated a subsidy in any way and/or that C1 published the message on the “metzdowd cryptography” mailing list as alleged or at all. It is further denied that the halving of newly issued Bitcoin (i.e. BTC) (for every 210,000 blocks mined) necessarily pushed blocks into increasing the block size.
- 46.6. As to sub-paragraph 46(3), it is denied that Bitcoin (BTC) was designed to have any intrinsic value. One Bitcoin is worth one Bitcoin. Any extrinsic value is the

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<sup>11</sup> Post “*Bitcoin Open Source Implementation of P2P Currency*” by Satoshi Nakamoto dated 18 February 2009 at 20:50.

result of participants on the Bitcoin (BTC) Network being willing to exchange things of value for Bitcoin (BTC), such as fiat money.

- 46.7. Sub-paragraph 46(5) is denied. C1 does not incentivise or pay nodes as alleged or at all. The value that Bitcoin (BTC) may have in fiat currency from time to time is the result of participants on the Bitcoin (BTC) Network being willing to pay fiat money for Bitcoin (BTC). To the extent that the value, from time to time, of Bitcoin (BTC) in fiat currency incentivises nodes to perform the functions described at sub-paragraph 46(4), such incentive results from market forces, not the intervention of C1 or any other individual.
- 46.8. As to sub-paragraph 46(7), it is denied that nodes operate under contract, as alleged or otherwise.
47. Paragraph 47 is denied. Paragraphs 11 to 14, and 44 to 46 above are repeated.
48. Paragraph 48 is denied. The work relied upon by C1 at paragraphs 45 and 46 in support of his claim to be maker of the Database/s was done on or before 9 January 2009, at a time when C1 was not habitually resident in the UK. Accordingly, the requirements of regulation 18(1)(a) of the Database Regulations are not satisfied.
49. Paragraph 49 is denied. If, which is denied, C1 can establish that he did any of the work relied upon by C1 at paragraphs 45 and 46 in support of his claim to be maker of the Database/s at a time when he was habitually resident in the UK, it is denied that the work constituted a substantial investment in obtaining, verifying or presenting the Database/s so as to attract database rights protection within the meaning of Regulation 13 of the Database Regulations.

#### **Infringement of database right in the Bitcoin (BTC) Blockchain**

50. As to paragraph 50:
- 50.1. It is denied that participation in the Bitcoin (BTC) Network without the consent of the Claimants constitutes database right infringement as alleged or at all. The Bitcoin (BTC) Network is an open network and participation in the Bitcoin (BTC) Network does not require the consent of the Claimants. Paragraphs 11 and 32 above are repeated. Accordingly, any person who from time-to-time

chooses to participate in the Bitcoin (BTC) Network is a lawful user of the Bitcoin (BTC) Blockchain.

- 50.2. As to the first and second sentences of paragraph 50, the Claimants have failed to particularise fully or at all what they mean by “*participation in the BTC Network*” or what “*parts of the contents*” of the Database/s it is alleged D14 - D15 have “*extracted*” and/or “*re-utilised*” (or what is meant by those terms). In the premises, and pending provision of further and better particulars, D14-D15 are unable to plead to those allegations, or to the allegations relating to extraction and re-utilisation at paragraph 50(1)(b)-(f) and 50(2) of the APoC. The Claimants are accordingly put to strict proof.
- 50.3. As to the third sentence of paragraph 50, the Claimants have failed to particularise fully or at all (i) what “*commercial activities*” it is alleged D14-D15 have engaged in, and on what dates; or, (ii) what is meant by “*transferring BTC/BCH through networks, servers and systems*” located in the UK. In the premises, and pending provision of further and better particulars, D14-D15 are unable to plead to those allegations and the Claimants are put to strict proof of the same.
- 50.4. As to subparagraph (1)(a), paragraphs 36 to 38 above are repeated. The alleged “*acts*” relied upon have not been “*specified*”, adequately or at all.
- 50.5. As to subparagraph (1)(g), it is denied that D14-D15 acted pursuant to a common design with any of the Defendants. The particulars at paragraph 65 are responded to at paragraph 61 below.
- 50.6. As to subparagraph (2), insofar as not addressed by the foregoing, the Claimants have failed to identify the “*software platform*”, allegedly “*provided*” by D15, “*on which BTC is [allegedly] traded*”. The Claimants are required to provide further and better particulars, pending which, no admissions can be made and the Claimants are put to strict proof.

51. Paragraph 51 is denied:

- 51.1. It is denied that downloading the Bitcoin (BTC) Blockchain from other nodes on the Bitcoin (BTC) Network constitutes an infringement of any database right in the Database/s. Paragraph 50.1 above is repeated.
- 51.2. It is further denied that the Bird & Bird Defendants, whether individually or in combination, are liable, as joint tortfeasors, for the actions of UK-based users of the Bitcoin (BTC) System or UK-based Nodes in the Bitcoin (BTC) Network, whether as alleged or at all.
- 51.3. It is denied that any participant operating a node, or intending to operate a node, will necessarily download the Bitcoin (BTC) Blockchain. Some types of nodes do not store the Bitcoin (BTC) Blockchain.
- 51.4. It is denied that there is a single authoritative version of the software which can be run on the Bitcoin (BTC) Network, or that the same is created and/or maintained by D2-D12. It is admitted and averred that D2-D12 have contributed, as open-source developers, to the popular Bitcoin node software known as Bitcoin Core, which forms part of a large open-source project with hundreds if not thousands of contributors.
- 51.5. As to sub-paragraphs 51(1), it is denied that all commercial traffic on the Bitcoin (BTC) System enters the Bitcoin (BTC) Blockchain. Some traffic travels directly and exclusively between participants. This may not traverse servers in the UK at any point. Further, specific nodes may not communicate with the UK at all.
- 51.6. As to sub-paragraph 51(2), it is denied that traffic on lightning channels are transacted and transferred through servers in the UK. Once lightning channels are established on the Bitcoin (BTC) blockchain, further traffic takes place directly between participants. This may not traverse servers in the UK at any point.
52. As to paragraph 52:
- 52.1. Paragraphs 3 and 4 above are repeated. It is denied that Alleged D1 exists.
- 52.2. The Claimants have failed to particularise fully or at all what they mean by “*become nodes*”. If and insofar as the allegation is that D14-D15 have undertaken

the acts supposedly set out at paragraph 34 of the APoC, paragraphs 36 to 38 above are repeated.

52.3. The Claimants have failed to particularise fully or at all what they mean by “*extract*” and/or “*re-utilise*”. Paragraph 50 above is repeated. In the premises, and pending provision of further and better particulars, no admissions are made and the Claimants are put to strict proof.

52.4. As to sub-paragraphs 52(2) and (3), the Claimants have failed to particularise fully or at all what they mean by “*to become nodes*”. Insofar as the allegation is that D14-D15 have undertaken the acts supposedly set out at paragraph 34 of the APoC, paragraphs 36 to 38 above are repeated. Without prejudice to the generality of the foregoing:

52.4.1. It is denied (if it be alleged) that D2-D12 have at any point been involved in the operation of bitcoin.org.

52.4.2. It is further denied that D2-D12 make the Bitcoin (BTC) Blockchain available for initial download. As explained at paragraph 14.3 above, new nodes obtain the initial Bitcoin (BTC) Blockchain from other nodes on the network, not from a server or website. Further, and in any event, since 1 July 2021 bitcoin.org has blocked the download of Bitcoin Core in the UK.

52.5. As to sub-paragraphs 52(4) and (5), it is denied that any of the Bird & Bird Defendants promote, market, maintain and/or fund the Bitcoin (BTC) Network or System, save that it is admitted and averred that D2-D12 have contributed, as open-source developers, to the popular Bitcoin node software known as Bitcoin Core. Sub-paragraph 52(6) does not relate to the Bird & Bird Defendants and accordingly they do not plead to the same.

53. Paragraph 53 is denied:

53.1. As to sub-paragraph 53(1), paragraphs 33 and 34 above, which respond to paragraphs 31 and 32, are repeated.



- 53.2. As to sub-paragraph 53(2), it is denied that C1 made the Original Bitcoin (BTC) Code and Client. The Original Bitcoin (BTC) Code and Client were made by Satoshi, not C1. Paragraph 11 above is repeated. It is averred that the Original Bitcoin (BTC) Code and Client, as well as the Bitcoin (BTC) Blockchain and the White Paper were all made available by Satoshi on an open-source basis under the MIT Licence. Paragraph 11 above is repeated.
- 53.3. As to sub-paragraph 53(3), it is denied that C1 made the Bitcoin (BTC) Blockchain available to nodes on the Bitcoin (BTC) Network for use by such nodes. It is further denied that C1's consent was required by participants of the Bitcoin (BTC) Network.
- 53.4. Sub-paragraph 53(4) is denied. On 1 August 2017, a new implementation of the Bitcoin Software was deployed on the Bitcoin (BTC) Network. The new software was incompatible with the Bitcoin (BTC) Consensus Rules, resulting in the creation of the BCH Network, with a forked BCH Blockchain and new cryptocurrency. A further implementation of the Bitcoin Software deployed on the BCH Network on 15 November 2018 resulted in the creation of the BSV Network, with a new BSV Blockchain and new cryptocurrency. Paragraphs 27 to 28 above are repeated.

#### **Subsistence of copyright in the White Paper**

54. Save that it is admitted and averred that C1 was an Australian citizen and resident and domiciled in Australia at the time when the White Paper was first made available to the public, paragraphs 54 to 58 are denied. It is denied that C1 authored and released the White Paper, whether under the pseudonym Satoshi or at all. In the premises, it is denied that the White Paper is the original work of C1 and that C1 is the owner of any copyright that subsists in the White Paper. Further or alternatively, and as noted at paragraph 40.4.1 above, C1 has publicly stated that "*The entire W[hite] P[aper] is MIT*".

#### **Infringement of alleged copyright in the White Paper**

55. Paragraph 59 is denied. Paragraph 35 above, which responds to paragraph 33, is repeated.

56. Paragraph 60 is denied. Block 230,009 was added to the Bitcoin (BTC) Blockchain on or about 6 April 2013.
57. Save that it is admitted that Block 230,009 is included in the Bitcoin (BTC) Blockchain, paragraph 61 is denied. Paragraph 35 above is repeated.
58. As to paragraph 62:
- 58.1. Paragraphs 36 to 38 above, which respond to paragraph 34 and 35, are repeated.
- 58.2. The Claimants have failed to particularise fully or at all what is meant by “*operating and causing the BTC System and Network to operate*”. In the premises, and pending provision of further and better particulars, D14-D15 do not plead to those allegations. If and insofar as it is alleged that D14-D15 have performed the acts supposedly specified at paragraph 34, paragraphs 36 to 38 above are repeated. Paragraph 50 above is repeated.
- 58.3. It is denied that making or causing copies of the Bitcoin (BTC) Blockchain to be made in the UK constitutes the making of copies of the whole or a substantial part of the White Paper. Block 230,009 of the Bitcoin (BTC) Blockchain does not reproduce the White Paper in any readable or usable form. Paragraph 35 above is repeated.
- 58.4. Further, the White Paper was made available to the public under the terms of the MIT Licence so that making and or causing copies of it is authorised. Paragraph 11 above is repeated. Accordingly, it is denied that making or causing copies of the Bitcoin (BTC) Blockchain to be made in the UK infringes any copyright that may subsist in the White Paper.

### **Joint Liability of BTC Developers and BTC Funders**

59. Insofar as paragraph 63 concerns the Bird & Bird Defendants, it is denied. Insofar as paragraph 63 concerns other defendants to the claim, the Bird & Bird Defendants do not plead to the same.
- 59.1. As to sub-paragraph 63(1), it is denied that the Bitcoin (BTC) System and Network is operated in the UK (or elsewhere) pursuant to a common design

between any of D2-D12 and/or the BTC Funders and/or D14-D15. Paragraphs 3 and 4 above are repeated.

- 59.2. It is further denied that the acts particularised at paragraphs 34, 38, 50, 52 and 62 constitute acts of infringements of any database right or copyright, or that the Bird & Bird Defendants provided mutual assistance to commit those acts. Paragraphs 36, 37, 40, 50, 52, 58 above, which respond to paragraphs 34, 38, 50, 52 and 62, are repeated.
- 59.3. As to sub-paragraph 63(2), it is denied that D2-D12 have participated in, procured, controlled and/or authorised D14-D15 to operate the BTC System and Network in the UK. For the avoidance of doubt, it is denied that operation of the BTC System and Network infringes any database right or copyright.
- 59.4. As to sub-paragraph 63(3), and without prejudice to the Bird & Bird Defendants' requirement that the Claimants provide further and better particulars of what is meant by the terms "*extract*" and "*re-utilise*" it is denied that D2-D12 have copied, made available to the public, extracted and/or re-utilised material in which inheres the Database right and/or copyright of the Claimants. It is further denied that the D14-D15 made such material available to the public in the UK and/or transferred the material into the UK and/or made copies of the material in the UK. It is further denied that D2-D12 are jointly liable for any of the allegedly infringing acts of D14-D15.
- 59.5. As to sub-paragraph 63(4), paragraph 51 above, which responds to paragraph 51, is repeated. It is denied that the Bird & Bird Defendants have taken any action, whether as alleged or otherwise, which makes an act of infringement by a node participating on the BTC System/Network an inevitable consequence.
60. Paragraph 64 is denied. As to sub-paragraph 64(1), paragraphs 36, 37, 40, 50, 52, 58 above, which respond to paragraphs 34, 38, 50, 52 and 62, are repeated. Sub-paragraphs 64(2) to (5) are inadequately particularised and accordingly the Bird & Bird Defendants are unable to plead to the same.
61. Paragraph 65 is denied. Paragraph 60 above, which responds to paragraph 64, is repeated.

62. Paragraphs 66 to 69 do not concern the Bird & Bird Defendants. Accordingly, the Bird & Bird Defendants do not plead to the same.

**Alleged Liability of the Alleged First Defendant, ‘BTC Core’**

63. As to paragraph 70, it is denied that the Bird & Bird Defendants form part of a partnership bearing the name of Alleged D1 (or any other name), collectively or in any combination. Paragraphs 3 and 4 above are repeated; no such partnership exists.
64. As to paragraph 71, it is denied that D14-D15 are partners in the alleged partnership and/or carry on its alleged business in England and Wales. Again, there is no such partnership. It is further denied that D14-D15 have infringed the Claimants’ database right or copyright (if any) as alleged or otherwise.

**VI. REMEDIES**

65. Insofar as paragraphs 72 to 73 concern the Bird & Bird Defendants, they are denied for the reasons already set out above. It is further denied that the Claimants are entitled to the relief claimed or to any relief by or through the Bird & Bird Defendants.
66. Further or alternatively, if and to the extent that the Claimants’ claim relates to alleged acts of infringement that occurred on a date or dates other than within the six-year period ending on the date of issue of the original Claim Form in this action, then any such causes of action are time-barred by reason of section 2 of the Limitation Act 1980.
67. Further or in the further alternative, it is denied that the Claimants (or any of them) are entitled to injunctive relief. Such relief would be disproportionate and/or likely to create barriers to legitimate trade (namely, the mining and/or trading in Bitcoin (BTC) – a digital asset class valued at over \$380 billion as at 10 March 2023).

**VII. ACQUIESCENCE/ IMPLIED LICENCE/ LACHES**

68. If, which is denied, the Bird & Bird Defendants or any of them are liable to the Claimants, then it is averred that the Claimants have acquiesced in and/or impliedly licensed any breach and/or slept upon their rights, and done so to the detriment of the Bird & Bird Defendants, such that it would be unconscionable for the Court to grant

any of the equitable remedies sought (in particular, an injunction), including by reason of the doctrine of laches.

**Particulars of Acquiescence/ Implied Licence/ Laches**

68.1. The Bitcoin (BTC) System has operated since January 2009 when the Original Bitcoin (BTC) Software was made publicly available by Satoshi under the MIT Licence on an open-source basis (Satoshi having previously published the White Paper on the same basis).

68.2. Prior to his withdrawal from the community of Bitcoin Developers in or around April 2011, Satoshi: (i) altered relevant copyright notices from “*Satoshi Nakamoto*” to “*Bitcoin Developers*”; and/or (ii) otherwise publicly represented or implied that he would not enforce any intellectual property rights, including any copyright and/or database right, that he might own in relation to the Bitcoin (BTC) System (including any such rights that may exist in the Bitcoin (BTC) Blockchain and the White Paper).

68.3. The Bird & Bird Defendants have at all material times conducted themselves accordingly. Insofar as they have contributed to the Bitcoin (BTC) System in the intervening years and expended their time, skill and effort in so doing, they have relied on Satoshi’s representations and conduct to the effect that the Bitcoin (BTC) System was an open-source system.

68.4. It would be unconscionable if Satoshi were now permitted to enforce any copyright and/or database right that he may own in relation to the Bitcoin (BTC) System to the detriment of the Bird & Bird Defendants. Accordingly, if (which is denied) C1 is Satoshi, it would be unconscionable for him (and for C2 or C3, whose rights are alleged to derive from his) to seek to enforce the alleged copyright and database rights in these proceedings.

68.5. Without prejudice to the generality of the foregoing, it is noted that, on the Claimants’ case, their primary cause of action arose by reason of the so-called “*airdrop*” alleged to have occurred on 1 August 2017. Yet there is no or no adequate explanation as to why they failed to seek any injunctive relief at that point or at any point prior to the date of issuing the original Claim Form.

68.6. Indeed, if C1’s complaints are taken to their logical conclusion, i.e. if (which is denied) changes to the consensus rules made without Satoshi’s approval created a new, illegitimate cryptocurrency and thus gave rise to a cause of action, then the relevant event would not be the so-called ‘airdrop’ of 1 August 2017 but rather the activation of the ‘P2SH’ feature, on or about 1 April 2012. C1 has procured the removal of that feature from BSV and complained about it in recent years (describing it as a cancer).<sup>12</sup> Yet he appears to have been silent at the time of its adoption over a decade ago and, at any rate, took no steps to secure relief from the Court. Alternatively, the relevant date/ event would be: (i) 2013, at the time of the blocksize fix; or (ii) 2015, at the time of the addition of CLTV.

68.7. In the premises, paragraph 66 above is repeated. In any event, equity of course “*aids the vigilant, not the indolent*”.

**JAMES RAMSDEN KC**

### **STATEMENT OF TRUTH**

The Bird & Bird Defendants believe that the facts stated in this Defence are true. The Bird & Bird Defendants understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

I am authorised by the Bird & Bird Defendants to sign this Statement of Truth on their behalf.

Signed: 

Name: Priyan Meewella

Position: Senior Associate

Date: 16 March

SERVED on 16 March 2023 by Bird & Bird LLP, 12 New Fetter Lane, London, EC4A 1JP

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<sup>12</sup> <https://craigwright.net/blog/bitcoin-blockchain-tech/sun-setting-p2sh/>