

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

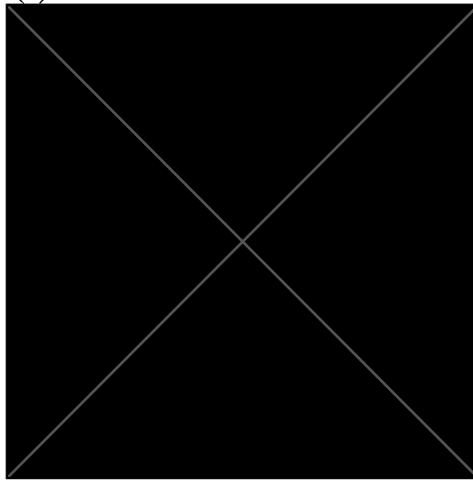
BETWEEN

TULIP TRADING LIMITED
(a Seychelles company)

Claimant

-and-

(1) BITCOIN ASSOCIATION FOR BSV (a Swiss verein)



Defendants

DEFENCE
OF THE FOURTEENTH DEFENDANT

1. Save where appears to the contrary, the Fourteenth Defendant adopts the abbreviations and definitions that appear in the Amended Particulars of Claim.
2. All documents referred to in this statement of case will be referred to at trial for their full terms, meaning and effect.
3. References to paragraph numbers in this statement of case refer to the paragraph numbers of the Amended Particulars of Claim, save where appears to the contrary.

THE CLAIMANT – TTL

4. As to paragraph 3 and the allegations made in relation to TTL:
 - 4.1. It is admitted that TTL is a company incorporated in the Seychelles.
 - 4.2. The Fourteenth Defendant does not know the purposes for which TTL was incorporated or its trading status. TTL is put to proof of the same.
 - 4.3. The Fourteenth Defendant does not know whether Dr Wright and/or his immediate family are the ultimate beneficial owners of TTL or how and when such beneficial ownership arose. TTL is put to proof of the same.
 - 4.4. TTL is the *alter ego* of Dr Wright.
 - 4.5. TTL's reference to '*certain digital assets*' is vague and imprecise and save in respect of the BCH tokens registered to the 1Feex and 12ib7 addresses the Fourteenth Defendant cannot plead to the same. For the reasons set out below, it is denied that TTL is the legal owner of such the BCH tokens registered to the 1Feex and 12ib7 addresses.

DR WRIGHT

5. As to paragraph 3 and the allegations made in relation to Dr Wright:
 - 5.1. The Fourteenth Defendant does not know whether Dr Wright is currently an Australian national and, insofar as is relevant, TTL is required to prove the same.
 - 5.2. It is admitted that Dr Wright has lived in England from time-to-time since 2015. The Fourteenth Defendant does not know the dates that Dr Wright has lived in England and insofar as relevant, TTL is required to prove the same.
 - 5.3. It is admitted that Dr Wright is renowned as an individual who claims to be Satoshi Nakamoto. Save as aforesaid, the renown which it is alleged Dr Wright enjoys is denied.
 - 5.4. It is admitted that Dr Wright claims to have created bitcoin under the pseudonym Satoshi Nakamoto. It is not admitted (a) that Dr Wright is Satoshi Nakamoto; (b) that Dr Wright is the author of the paper published in October 2008 under the pseudonym Satoshi Nakamoto entitled '*Bitcoin: A Peer-to-Peer Electronic Cash System*' (known

as the 'Bitcoin White Paper'); and (c) that Dr Wright has or has ever had the private keys associated with the earliest blocks in the Bitcoin Blockchain (which person who is Satoshi Nakamoto or the person who invented Bitcoin would have had). Such claims are currently the subject of proceedings in the High Court in London in the case of *Crypto Open Patent Alliance v Craig Steven Wright* (Claim No. IL-2021-000019). TTL is required to prove the same.


6. The core allegations on which TTL's claims rest comprise or necessarily include the following assertions made by Dr Wright:

6.1. That in late February 2011, Dr Wright purchased by telephone the bitcoin tokens registered to the 1Feex address from WMIRK.com; that a purchase order was raised by a company controlled by Dr Wright which records the purchase; and that they appear in the accounts of entities related to Dr Wright from 2011.

That there are no records of when, how and by whom the bitcoin tokens registered to the 12ib7 address were obtained but they appear in accounting records of entities related to Dr Wright from 2014.

6.2. That, at some stage, ownership of the tokens at the 1Feex and 12ib7 addresses passed to TTL.

6.3. That Dr Wright was in possession of the private keys to the 1Feex and 12ib7 addresses prior to the hack.

6.4. That Dr Wright's home in  was broken into and a router installed by hackers to enable hacking to take place.

6.5. That Dr Wright's personal computer and network on which the private keys and materials which would have given Dr Wright the ability to reproduce the private keys to the tokens at the 1Feex and 12ib7 addresses were stored were hacked and the private keys and materials deleted by hackers.

6.6. That Dr Wright wiped the hard-drive of his personal computer immediately after the hack to remove all malware and other threats to his network, and in so doing removed all forensic evidence of the hack and any record of what had been deleted.

6.7. That Dr Wright did not realise that both cloud-based backups of the private keys and materials that would have enable him to recreate the private keys he had set up would be automatically deleted on synchronisation with his personal computer that he had wiped.

6.8. That Dr Wright failed to realise that such deletions could be recovered from the cloud backups within 30 days and, even after that period, he could have requested his cloud provider to recover and provide him with such data that had been deleted.

All such assertions are false and are made dishonestly.

7. Dr Wright has a propensity for making false and dishonest claims; fabricating evidence; giving evidence dishonestly and otherwise engaging in discreditable conduct. Such propensity is evident from the findings by Courts and authorities of different jurisdiction as follows:

In the Supreme Court of New South Wales, Australia

7.1. In *Craig Wright v Michel Ryan & Anor*, Dr Wright was found guilty of contempt of court and sentenced to 28 days imprisonment suspended on condition that he performed 250 hours of community service. The contempt comprised breach of undertakings given to the court not to carry on business with a company called DeMorgan Information Security Systems Pty Ltd. Dr Wright appealed to the Court of Appeal and sought to adduce new evidence to the effect that an email found on his computer on execution of an *Anton Pillar* order, relied on by the judge below in finding contempt, had been fabricated by a person unknown. In dismissing the appeal [2005] NSWCA 368 (27 October 2005), Handley JA (with whom the other members of the Court of Appeal agreed, Hodgson JA adding further comments), held at [60] that:

'The fabrication of such an email by an outsider without this being detected by the recipient is glaringly improbable.'

Further at [63]:

'The probative force of the new evidence depends in large measure on the appellant's credibility and reliability. His explanations and interpretations of these and related documents are contradicted at critical points, on which there is no independent evidence to support him. The appellant's contradictory evidence about the email of 11.16 am on 10 September 2003 raises doubts about his credibility, as does his evidence based on the calls from his mobile phone that day.'

The Australian Tax Office – Reasons for Decision – Denariuz Pty Ltd

7.2. On 4 November 2014, Denariuz Pty Ltd ('the taxpayer'), lodged its 2013-2014 tax return claiming notional deductions of AUS \$6,889,994 and a refundable tax offset of

AUS \$3,100,497.30. At the time, Dr Wright was a director of the taxpayer and owned and/or controlled it directly or indirectly.

- 7.3. The ATO investigated the taxpayer and the claims for the notional deductions and refundable tax offset. Dr Wright was involved in the investigation and was interviewed by the ATO and provided information and documents to the ATO in support of the taxpayer's claims.
- 7.4. The ATO decided that the taxpayer was not entitled to the R&D tax offset. It also decided that the taxpayer was not entitled to a deduction for a loss of AUS \$1,440,127,54 in respect of a reduction in value of its equitable interest in Bitcoin.
- 7.5. The Reasons for Decision of 21 March 2016 refusing the taxpayer's claims make it clear that the taxpayer's claims in relation to the R&D tax offset and the deduction for a loss of AUS \$1,440,127.54 were dishonestly made and relied upon sham transactions, documents that were demonstrated to be fabricated (see paragraphs 202-225 of the ATO decision) and attempts to deceive. The Fourteenth Defendant relies on the whole of the ATO Decision in relation to Dr Wright's propensity.
- 7.6. Dr Wright was responsible for and/or fully involved in the false tax claim, presentation of sham transactions, fabrication of documents and attempts to deceive.

In the United States Court for the Southern District of Florida

- 7.7. In *Kleiman and W&K Info Defense Research LLC v Wright*, Case No. 18-cv-80176-BLOOM/Reinhart, on a motion to compel disclosure in which Dr Wright gave oral evidence, US Magistrate Judge Bruce Reinhart (Document 277) '*completely rejected*' Dr Wright's evidence on certain matters central to the application, noting the implausibility of Dr Wright's account, which he said '*defied common sense and real life experience*' and stated:

'Dr Wright intentionally submitted fraudulent documents to the Court, obstructed a judicial proceeding, and gave perjurious testimony. No conduct is more antithetical to the administration of justice.'

'During his testimony, Dr. Wright's demeanor did not impress me as someone who was telling the truth. When it was favorable to him, Dr. Wright appeared to have an excellent memory and a scrupulous attention to detail. Otherwise, Dr. Wright was belligerent and evasive. He did not directly and clearly respond to questions. He quibbled about irrelevant technicalities. When confronted with evidence indicating that certain documents had been fabricated or altered, he became extremely defensive, tried to sidestep questioning, and ultimately made vague comments about his systems being

hacked and others having access to his computers. None of these excuses were corroborated by other evidence.

...
There was substantial credible evidence that documents produced by Dr. Wright to support his position in this litigation are fraudulent. There was credible and compelling evidence that documents had been altered. Other documents are contradicted by Dr. Wright's testimony or declaration. While it is true that there was no direct evidence that Dr. Wright was responsible for alterations or falsification of documents, there is no evidence before the Court that anyone else had a motive to falsify them. As such, there is a strong, and unrebutted, circumstantial inference that Dr. Wright wilfully created the fraudulent documents.

...the evidence establishes that [Dr Wright] has engaged in a wilful and bad faith pattern of obstructive behaviour, including submitting incomplete or deceptive pleadings, filing a false declaration, knowingly producing a fraudulent trust document, and giving perjurious testimony at the evidentiary hearing.'

- 7.8. On Dr Wright's appeal against Judge Magistrate Reinhart's order on the motion to compel, United States District Judge Bloom stated (Document 373) that the Court was not required to rehear witness testimony in accepting a Magistrate Judge's credibility findings but having reviewed the transcripts of Dr Wright's evidence the Court agreed with them.

In the Oslo District Court, Norway



- 7.9. In *Granath v Wright*, Case No:19-076844TVI-TOSL/04, District Court Judge Helen Engebretsen ruled (20 October 2022) that Mr Granath was not liable to Dr Wright in defamation, holding¹ at [3.4.4]: *'The court believes that Granath had sufficient factual grounds to claim that Wright had lied and cheated in his attempt to prove that he is Satoshi Nakamoto.'* The Judge observed that the experts who gave evidence in the case had found that a number of documents that Dr Wright produced which he claimed were early versions of the Bitcoin White Paper and source code contain *'at best unexplained changes which are likely to have been made after the date the documents are claimed to be from.'* KPMG (forensic evidence for Mr Granath) concluded that it was *'probable that several of the files in the data material have been changed so that they appear to have been created earlier than they actually were.'* The Court perceived the reports and explanations from BDO and Cyfor (forensic experts for Dr Wright) *'to mean that they have essentially found the same conditions that KPMG points to, and which are the basis of KPMG's conclusions.'*




¹ The translation of the citations from the judgment is one produced by Coinbase.

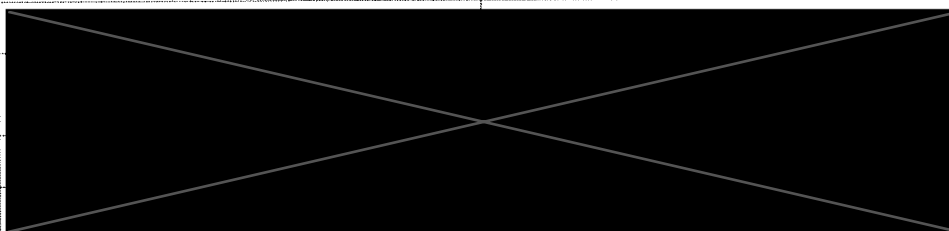
In the High Court – London, England

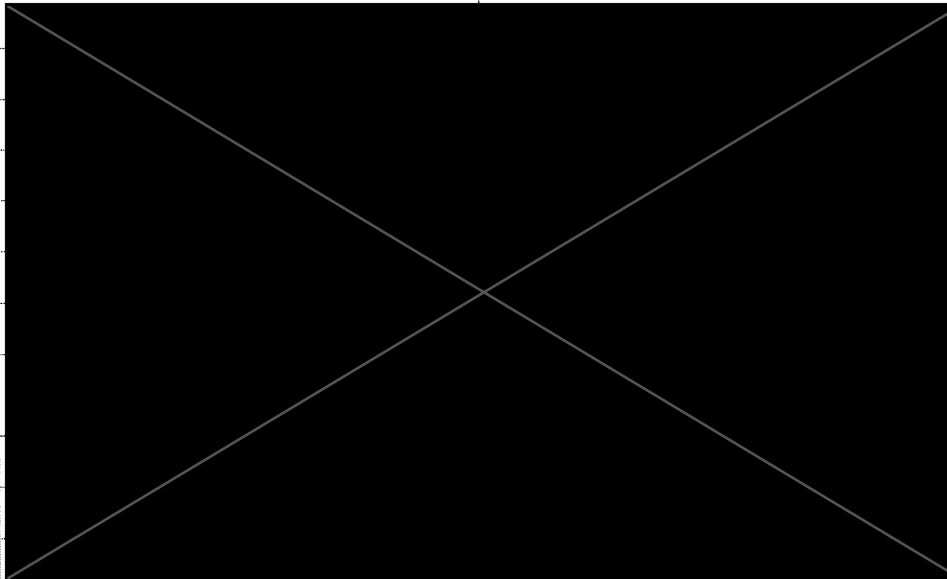
- 7.10. In *Ramona Ang v Reliantco Investments* [2020] EWHC 3242 (Comm), a case in which Dr Wright gave evidence, Butcher J found at [49] that Dr Wright '*was an unsatisfactory witness in many respects. He was belligerent, argumentative and deliberately provocative. He evaded questions to which he did not wish to give a straight answer. On occasion he refused to accept what documents plainly indicated. He was prepared to make grave and unsustainable allegations,...*'. Butcher J concluded that he could not rely on Dr Wright's evidence as to whether and how particular events had happened '*unless it was supported by documentation, other evidence I could accept or by the inherent probabilities.*'
- 7.11. In *Wright v McCormack* [2022] EWHC 2068 (QB), a defamation action brought by Dr Wright, Chamberlain J found at [109-111, 144, 147 and 149] that Dr Wright's first witness statement was '*straightforwardly false in almost every material respect*'; that '*Dr Wright's original case on serious harm, and the evidence supporting it, both of which were maintained until days before trial, were deliberately false.*'; that the explanation Dr Wright gave in oral evidence to the effect that the false case was the result of inadvertent errors was untrue; that although the publication of the defamatory material had caused serious harm to his reputation, only nominal damages would be awarded because of the deliberately false case and the deliberately false evidence advanced until days before trial.
8. The findings made by the ATO and the Courts referred to in the previous paragraph in respect of Dr Wright cannot be blamed on Dr Wright's Asperger's Syndrome, as TTL has alleged (and which is not admitted). The findings were made because Dr Wright is dishonest.
9. The Fourteenth Defendant reserves the right to rely on any judgment in the case of *Crypto Open Patent Alliance v Craig Steven Wright* (Claim No. IL-2021-000019) to show that Dr Wright is not Satoshi Nakamoto, or the inventor of bitcoin or the author of the Bitcoin White Paper.



THE FOURTEENTH DEFENDANT

10. The Fourteenth Defendant is currently a resident of and domiciled in 
 He was an early adopter of bitcoin and has invested in bitcoin related startup companies including Ripple, blockchain.com and Kraken and has assisted others in developing a vision of bitcoin as 'money for the world'.

11. In Appendix 1 to this Defence is a diagram headed '*Main Consensus Forks of Bitcoin (2009-2021)*' which illustrates the creation of a number of prominent bitcoin blockchains including the BCH blockchain.
12. Dr Wright has a longstanding personal animosity towards the Fourteenth Defendant. In around November 2018, he described the Fourteenth Defendant as '*his enemy*' and thereafter has made a series of disparaging and defamatory comments about the Fourteenth Defendant.
13. The third sentence of paragraph 4 is denied. In particular:
 - 13.1. The Fourteenth Defendant is not, and never has been, either a software developer or a core maintainer of the BCH software. The defined term 'the BCH Developer' and the defined term the 'Developers' are neither accurate nor apposite as applied to the Fourteenth Defendant.
 - 13.2. The Fourteenth Defendant has, from the outset of his involvement with bitcoin, promoted a vision of bitcoin as being 'money for the world'. He has made public statements in support of that vision and he has, from time-to-time, given support and assistance, including financial assistance, to those whom he believed shared his vision.
 - 13.3. The BCH blockchain was created on 1 August 2017. So far as the Fourteenth Defendant is aware, it is public knowledge that the BCH software that enabled the creation of the BCH blockchain was written and developed by   who was paid to do so by .
 - 13.4. It is denied that the Fourteenth Defendant controls the development or has ever controlled the development of the BCH software. The BCH software is publicly available to download at <https://gitlab.com/bitcoin-cash-node/bitcoin-cash-node>. The official website for the BCH software is <https://bitcoincashnode.org> (the 'BCH Website'). The BCH Website lists the following individuals or aliases as being part of the BCH 'Team' responsible for its development and maintenance:

Name/Alias	Stated role
	

Name/Alias	Stated role
	

- 13.5. The Fourteenth Defendant does not have any relationship with any of the individuals listed above. He does not direct or control any of their development activities.
- 13.6. From or about September 2016, the Fourteenth Defendant was   which operated a mining pool known as the 'bitcoin.com mining pool'. The bitcoin.com mining pool offered third parties the opportunity to participate in mining the bitcoin blockchain, and the hash power of participants in the mining pool was 'pooled'. Those third parties could leave the bitcoin.com mining pool at any time.
- 13.7. Initially, the bitcoin.com mining pool only mined bitcoin, and it was one of a number of such mining nodes on the bitcoin blockchain. However, some 6 months after the public release of the BCH software and the creation of the BCH blockchain, the bitcoin.com mining pool allowed its participants to choose whether to mine the bitcoin (BTC) blockchain, or the BCH blockchain. From about 2021 the bitcoin.com mining pool was shut down and ceased to operate.
- 13.8. It is denied that the Fourteenth Defendant '*operates the BCH network*' (whatever that is intended to mean). As explained above, the Fourteenth Defendant is not responsible for the BCH software. Although the Fourteenth Defendant has, through the bitcoin.com mining pool, previously operated a BCH mining node (of which there were multiple such nodes, operated by multiple third parties), the Fourteenth Defendant no longer operates any BCH mining node.

THE OTHER DEFENDANTS

The First Defendant

14. As to first sentence of paragraph 4:
 - 14.1. It is admitted that the Bitcoin Association is a Swiss *verein*. It is not admitted that the First Defendant controls the development of the BSV software. Dr Wright is closely connected with the Bitcoin Association and the BSV software.
 - 14.2. TTL appears to have joined the First Defendant to the action for the purpose of supporting his claims against the other Defendants. To that end, the First Defendant did not challenge jurisdiction and has settled the claim made by TTL against it on terms that it would develop software that would enable TTL to gain control of the BSV tokens which TTL claims to own.

The Second to Thirteenth & Fifteenth to Sixteenth Defendants

15. The Fourteenth Defendant does not plead to the second, third and fourth sentences of paragraph 4, because they concern the case alleged against the BTC Developers and the ABC Developers.

BITCOIN

16. Bitcoin is a software protocol that enables transfers of bitcoin tokens to be recorded on a public and decentralised ledger known as the bitcoin blockchain. As described further below, transfers of tokens are validated by a network of nodes which operate the bitcoin software. Nodes are decentralised: no one person controls the nodes; there is no restriction on any person operating a bitcoin node; each person operating a node makes their own decision as to whether to continue to run the bitcoin software, whether to run alternative software, or whether to cease operating as a node altogether. Decentralisation as described above is a central feature of bitcoin.
17. As to paragraph 5:
 - 17.1. It is admitted that bitcoin tokens and BCH tokens are digital assets. BCH tokens are transferred from and received to public addresses on the BCH blockchain without the need for a financial intermediary such as a bank. Because no financial intermediary is needed, such transfers are commonly described as being 'peer to peer'.

- 17.2. It is admitted that BCH tokens can be and are used as a medium of exchange.
- 17.3. The analogy between BCH tokens and physical cash is limited. It is admitted that both BCH tokens and physical cash can be transferred on a 'peer to peer' basis, without the need for a financial intermediary. However, there are multiple dissimilarities between physical cash and BCH tokens.
- 17.4. Save as aforesaid, paragraph 5 is denied.
18. As to paragraph 6:
- 18.1. BCH tokens are registered to public addresses on the BCH blockchain. Whilst the addresses are public, the identities of the person(s) who control the BCH tokens at any given public address are not publicly disclosed and are not generally known.
- 18.2. It is admitted that owners of BCH tokens may transfer their BCH tokens to a third party exchange to hold on their behalf or may purchase BCH tokens via a third party exchange. In those circumstances, the BCH tokens are typically registered to a public address controlled by the third party exchange.
- 18.3. It is admitted that BCH tokens can be exchanged for fiat currency or other digital assets.
- 18.4. It is admitted that each bitcoin token and BCH token is comprised of 100 million sub-units, known as Satoshis.
- 18.5. Save as aforesaid, paragraph 6 is denied.
19. As to paragraph 7:
- 19.1. The BCH blockchain records transfers of BCH tokens from one public address to another. The BCH blockchain is a ledger of all such transfers.
- 19.2. The BCH blockchain came into existence on 1 August 2017 after the hard fork described further at paragraphs 25 to 28 below.
- 19.3. It is admitted (a) that when a transfer of BCH tokens is made on the BCH blockchain, that transfer generates a transaction hash; (b) that a transaction hash is an alphanumeric string of lowercase letters ranging from 'a' to 'f' and numbers; and (c) that the transaction hash is unique to each transfer of BCH tokens.

- 19.4. It is admitted that the BCH blockchain is separate and distinct from the bitcoin blockchain, the bitcoin BSV blockchain and the bitcoin ABC blockchain.
- 19.5. The term 'Network' is not an accurate term for the BCH blockchain or the BCH tokens registered to public addresses on the BCH blockchain. The BCH blockchain is a publicly available ledger that records transfers made between addresses on the BCH blockchain. Insofar as TTL intends to refer by the term 'Network' to the computer nodes which validate such transfers on the BCH network by running the BCH software, that 'network' of nodes is properly and accurately described as 'decentralised'. That is because: a copy of the BCH blockchain is stored and updated by each node; each node works independently to validate transfers recorded on the BCH blockchain; any person can set up and operate a node on the BCH blockchain by downloading the BCH software which is freely available; the nodes are not controlled or directed by any one person; the class of persons operating nodes is distinct from, and independent to, the class of persons who may own BCH tokens; and the person or persons operating BCH nodes may choose to stop running the BCH software at any time.
- 19.6. Save as aforesaid, paragraph 7 is denied.
20. As to paragraph 8:
- 20.1. It is admitted that the BCH blockchain contains a public ledger or record of every transfer of BCH tokens on the BCH blockchain. Transfers of BCH tokens which occur 'off chain' are not recorded on the BCH blockchain.
- 20.2. It is admitted that the BCH blockchain is a mechanism to avoid 'double spending', being the risk of a person transferring the same BCH token to two or more persons.
- 20.3. The analogy between the BCH blockchain and a physical ledger is limited. The BCH blockchain is digital. It is publicly available and can be downloaded. It is also decentralised, because a copy of the BCH blockchain is stored and updated by each node.
- 20.4. Save as aforesaid, paragraph 8 is denied.

21. As to paragraph 9:

- 21.1. It is admitted that all transfers of BCH tokens on the BCH blockchain are public. Both the sending address and the receiving address are public, as is the transaction hash.
- 21.2. It is admitted that the identity of the persons who control public addresses on the BCH blockchain are not disclosed publicly or recorded on the BCH blockchain. The anonymity of the identity of persons who make and receive transfers is a fundamental part of the design of the BCH blockchain, as explained in the Bitcoin White Paper.
- 21.3. It is admitted that it is possible to ascertain from the BCH blockchain that a transfer of BCH tokens from one or more public addresses to one or more public addresses has occurred. It is further admitted that the BCH blockchain does not record the identities of the persons who were parties to that transfer.
- 21.4. Save as aforesaid, paragraph 9 is denied.

22. As to paragraphs 10 and 11:

- 22.1. Persons may choose to operate computer nodes which run the BCH software. Certain nodes limit their activities to broadcasting transfers to other nodes. Other nodes carry out a part of the validation process, commonly described as 'mining'. It is accordingly inaccurate to refer to all nodes as carrying out mining.
- 22.2. The mining process carried out by mining nodes involves those nodes independently attempting to solve a cryptographic hash equation generated by each transfer of tokens, which if solved will validate that the transfer in question was made by use of the private key associated with the sending public address. Once solved, the solving node announces the solution to all other nodes, who verify the solution. Because the nodes work individually the verification process is decentralised and no central financial intermediary is required.
- 22.3. It is admitted that mining nodes solve 'blocks' of transfers and announce the verification of solved blocks to other nodes. Each node holds its own copy of the BCH blockchain.
- 22.4. The solving node receives a reward for successfully solving a new block which is comprised of both (a) a release of new BCH tokens and (b) a transfer fee. Nodes are therefore incentivised to solve new blocks and compete with each other to do so first.

- 22.5. The persons operating BCH nodes may choose to stop running the BCH software at any time. When the BCH blockchain was created on 1 August 2017, some of the nodes that had previously been operating bitcoin software decided to change and operate BCH software.
- 22.6. The freedom of nodes to choose which software to operate is a part of the consensus mechanism of the BCH blockchain. If nodes disagree with the operation of the BCH software then they can choose to operate alternative software.
- 22.7. Save as aforesaid, paragraphs 10 and 11 are denied.
23. As to paragraph 12:
- 23.1. TTL has failed to provide any particulars of the matters alleged in relation to the BCH nodes.:
- 23.2. As at the date of this Defence, there are approximately 800 BCH nodes that accept incoming connections (and hence can be identified and counted) and an unknown number of nodes that do not accept such incoming connections (and hence cannot be counted). By default, nodes do not accept incoming connections.
- 23.3. As at the date of this Defence, there are at least 13 distinct BCH mining pools, in addition to individual miners. Furthermore, mining pools themselves may be comprised of a number of individual miners, who may each decide to cease being a part of that mining pool at any time, subject to any restrictions agreed between members of the mining pool in question.
- 23.4. The relative hash power of different mining pools is constantly changing. As at the date of this Defence, the mining pools identified by the Coin Dance tool (cash.coin.dance) have approximately the following percentage of hash power:

Mining pool	Percentage of hash power
Other mining pools/individuals	58.7%
F2Pool	2.9%
AntPool	2.8%
ViaBTC	15.2%
BTC.com	2.7%
SBI Crypto	0.3%
CKPOOL	3.3%

Mining pool	Percentage of hash power
P2Pool	0.8%
Prohashing	1.1%
Mining-Dutch	9.1%
solomining.io	1.4%
Foundry USA Pool	0.7%
Bitdeer	0.5%
ZULUPool	0.5%

23.5. Save as aforesaid, paragraph 12 is denied.

24. As to paragraph 13:

24.1. It is admitted that BCH tokens are registered to public addresses on the BCH blockchain. The public addresses on the BCH blockchain were copied from the bitcoin (BTC) blockchain on 1 August 2017, being the date the BCH blockchain was created by a hard fork of the bitcoin blockchain, as described further below. The Fourteenth Defendant was not responsible for such copying or the hard fork.

24.2. UTXOs are the amount of tokens which have been authorised by one public address to be transferred by another public address. Each UTXO therefore represents a chain of transfers between public accounts. A public address does not therefore hold an account balance of BCH tokens; instead it may have any number of UTXOs registered to that address. The total of the UTXOs registered to that address is the total of the BCH tokens available to be transferred from that address.

24.3. It is denied that a public address is analogous to a bank account number. There are multiple differences, including the difference that there is no account balance for any given public address.

24.4. It is denied that UTXOs are analogous to unspent cash. There are multiple differences, including that a public address may have registered UTXOs even though the controller of that address has not made any transfer.

24.5. It is admitted that UTXOs are registered at both the 1Feex and 12ib7 addresses on the BCH blockchain.

24.6. Save as aforesaid, paragraph 13 is denied.

THE BCH BLOCKCHAIN

25. The block size of transfers validated on the bitcoin blockchain has been, since 12 October 2010, limited to 1MB. The 1MB block size of bitcoin limits the number of transfers that can be processed per second. As a result, from a very early stage there was a debate within the bitcoin community as to whether the block size should be increased in order to facility an increased number of transfers per second. That debate led to the 'hard fork' of the bitcoin blockchain on 1 August 2017, when the BCH blockchain was created.
26. Blocks on the BCH blockchain have a block size limit of 32MB. The BCH blockchain therefore enables more transfers per second to be processed than the bitcoin blockchain.
27. The hard fork of the bitcoin blockchain to create the BCH blockchain involved the following events: (a) the development of a new software that, among other things, increased the block sizes that can be validated from 1MB to 32MB; (b) the copying of the existing bitcoin blockchain ledger as at the date of the hard fork; (c) the publication of the new BCH software on the internet; (d) persons operating nodes making the decision to run the new BCH software; and (e) thereafter, persons using the new BCH blockchain to transfer and receive BCH tokens on the BCH blockchain.
28. As a result of the BCH hard fork, persons who controlled bitcoin tokens registered on the bitcoin blockchain as at the date of the hard fork were also able to control newly created BCH tokens on the BCH blockchain after the hard fork. The creation of the BCH blockchain was the first hard fork of the bitcoin blockchain.
29. As to paragraph 14:
 - 29.1. The term 'Network' is not an accurate term for the BCH blockchain or the BCH tokens registered to public addresses on the BCH blockchain. Paragraph 19.5 above is repeated.
 - 29.2. The bitcoin software and bitcoin blockchain ledger is publicly available on the internet. There is no restriction on persons proposing or making changes to the bitcoin software, including software changes that are not backwards compatible with the existing bitcoin software. When a sufficient number of nodes and users agree to use revised software which is not backwards compatible with previous software, a hard fork occurs.
 - 29.3. The number of different bitcoin software is not limited to bitcoin (BTC), bitcoin BCH, bitcoin BSV and bitcoin ABC.

- 29.4. The assertion that the original bitcoin software is bitcoin BSV is contentious, has not been properly particularised and is denied. Bitcoin BSV was created by a hard fork of the BCH blockchain on 15 November 2018.
- 29.5. The allegation that the 'Networks' (whoever that is intended to mean) 'had no permission to copy the original blockchain' is vague, imprecise and is denied. The bitcoin blockchain is and always has been publicly available. The use of the term 'airdrop' to refer to a hard fork is contentious and apt to mislead, because the term 'airdrop' is commonly used to refer to the practice of an unsolicited distribution of a digital token.
- 29.6. The allegation that the BCH 'Network' (whatever that is intended to mean) is not 'a legitimate network of Bitcoin' (whatever that is intended to mean) is vague, imprecise and is denied.
- 29.7. Dr Wright is a vocal proponent of bitcoin BSV. It appears that this litigation is motivated by Dr Wright's desire to discredit alternative bitcoin software.
- 29.8. Save as aforesaid and save as consistent with paragraphs 25 to 28 above, paragraph 14 is denied.
30. As to paragraphs 15 to 17:
- 30.1. It is admitted that on 1 August 2017 there was a hard fork of the bitcoin blockchain and the BCH blockchain was created, as aforesaid.
- 30.2. It is denied that the bitcoin BCH software was the 'original version of Bitcoin' (whatever that is intended to mean). The BCH blockchain came into existence on 1 August 2018.
- 30.3. It is denied that, as a result of the BCH hard fork on 1 August 2017 there was any resulting change to the original bitcoin software or bitcoin blockchain. However, the bitcoin software has been updated on a number of occasions without any hard fork (so-called 'soft forks').
- 30.4. It is admitted that on 15 November 2018 there was a hard fork of the BCH blockchain and the BSV blockchain was created. The BSV software initially increased that block size to 128MB and the BSV block size limit is presently 2GB. It is denied that the

bitcoin BSV software is the 'original version of Bitcoin' (whatever that is intended to mean). The BSV blockchain came into existence on 15 November 2018.

30.5. It is admitted that on 15 November 2020 there was a fork of the BCH blockchain and the bitcoin ABC blockchain was created. The ABC software introduced a change to the rewards for miners. That software change was suggested by the [REDACTED] Defendant (among others) but was not adopted by the majority of users or nodes. The fork did not occur as a result of any disagreement between the [REDACTED] Defendant.

30.6. Save as aforesaid, paragraphs 15 to 17 are denied.

PRIVATE KEYS

31. Paragraph 18 is admitted.

32. Paragraph 19 is inaccurate:

32.1. Transfers of BCH tokens on the BCH blockchain can only be effected by using a private key. Private keys are alphanumeric strings.

32.2. The requirement to use a private key to transfer BCH tokens on the BCH blockchain is fundamental to the design of the BCH blockchain. It is required by the BCH software. That design feature is explained and set out in the Bitcoin White Paper.

32.3. Each public address on the BCH blockchain has an associated private key. It is admitted that private keys are typically generated by digital algorithms.

32.4. When a private key is used to transfer BCH tokens on the BCH blockchain, a transaction hash is generated and broadcast to nodes running the BCH software. Nodes are then able to validate whether the private key has in fact been used (a valid transfer) or not (an invalid transfer).

32.5. Save as aforesaid, paragraph 19 is denied.

33. As to paragraph 20:

33.1. 'Ownership' is a legal concept and its incidence depends on the rules of different legal systems.

- 33.2. A private key enables the holder to transfer the BCH tokens that are registered to the public address on the BCH blockchain associated with the private key in question. The mere fact that a person knows the alphanumeric string that constitutes the private key does not, without more, mean that person holds title to the BCH tokens registered to the public address on the BCH blockchain associated with the private key in question.
- 33.3. The analogy with a physical key is apt to mislead. There are multiple differences between physical keys and private keys.
- 33.4. Save as aforesaid, paragraph 20 is denied.
34. As to paragraph 21:
- 34.1. The requirement to use a private key to transfer BCH tokens on the BCH blockchain is fundamental to the design of the BCH blockchain. It is required by the BCH software. That design feature is explained and set out in the Bitcoin White Paper.
- 34.2. The BCH software and BCH blockchain is publicly available on the internet. There is no restriction on persons proposing or making changes to the BCH software. A hard fork occurs when a sufficient number of nodes and users agree to use such revised software which is not backwards compatible with previous versions of the software.
- 34.3. It is and always has been open to TTL to propose or make changes to the BCH software to give effect to enable tokens to be transferred without the need for private keys to be used. Such changes have not been widely proposed and/or adopted. They are contrary to the design of the bitcoin blockchain as set out in the Bitcoin White Paper.
- 34.4. Save as aforesaid, paragraph 21 is denied.
35. As to paragraph 22:
- 35.1. It is admitted that private keys may be, and often are, encrypted and stored securely. The phrase 'owner of the address' is vague and imprecise. It is not possible to 'own' a public address. If any legal title arises it would arise in relation to the BCH tokens.
- 35.2. It is admitted that private keys may be written on paper or stored on a hard drive or recorded in any number of forms and by any number of means.
- 35.3. Save as aforesaid, paragraph 22 is denied.

36. As to paragraph 23:

36.1. The first sentence is so vague and broad that the Fourteenth Defendant cannot meaningfully plead to it.

36.2. In ordinary usage, when bitcoin tokens are described as being 'lost' that is a reference to the loss of the private key associated with public address on the bitcoin blockchain to which the bitcoin tokens are registered.

36.3. It is admitted that the mere loss of a private key does not, without more, affect the fact that bitcoin tokens are registered to a public address on the bitcoin blockchain. The allegation that bitcoin tokens are 'untouched' is apt to mislead: bitcoin tokens cannot be physically touched.

36.4. A private key is not analogous to a code for a physical safe or a physical key for a physical safe. There are multiple differences.

36.5. As pleaded above, there is no necessary connection between (a) knowledge of a private key and (b) ownership or title to the bitcoin tokens registered to the public address on the bitcoin blockchain associated with that private key. The last sentence is accordingly denied.

36.6. Save as aforesaid, paragraph 23 is denied.

ALLEGED ROLE OF THE FOURTEENTH DEFENDANT

37. Paragraphs 24 to 28 make allegations in relation to the BTC Developers and the ABC Developers. The Fourteenth Defendant only pleads to the allegations that relate to the claim made against him.

38. As to paragraphs 24 and 25:

38.1. The term 'Developer' is neither an accurate nor apposite term as applied to the Fourteenth Defendant.

38.2. The Fourteenth Defendant is not a software developer. He learned rudimentary coding skills at high school but does not have the knowledge or experience to make changes to the BCH software or any other similar software.

- 38.3. The Fourteenth Defendant repeats that does not control or direct the development of the BCH software or hold the access codes or other means of controlling its development. He has no role in maintaining or developing the BCH software
- 38.4. Historically, the Fourteenth Defendant has been a public supporter of the BCH software and BCH blockchain and, as a holder of BCH tokens was invested in its success. On occasion, the Fourteenth Defendant has suggested changes to the BCH software, some suggestions were accepted and some were rejected by the developers and maintainers of the BCH software.
- 38.5. The Fourteenth Defendant does not receive and has not received payment, sponsorship, grants or donations in relation to the BCH software or BCH blockchain at any stage.
- 38.6. Save as aforesaid, paragraphs 24 and 25 are denied.
39. As to paragraph 26:
- 39.1. The Fourteenth Defendant is not a Developer as alleged. He does not make the decisions alleged; he does not security-test the BCH software and does not enable the implementation of the BCH software through contact with nodes. Nor does he direct others to do those actions.
- 39.2. Those persons controlling nodes make their own, independent decisions as to whether to run the BCH software.
- 39.3. Nor do the software changes that TTL asserts should be made have any correlation or anything to do with the 'Developer' roles that TTL relies upon.
- 39.4. In any event, there is nothing in the role of 'Developer' as alleged in paragraph 26 that would justify the imposition of the duties alleged.
- 39.5. Save as aforesaid, paragraph 26 is denied.
40. As to paragraph 27:
- 40.1. It is in the nature of open-source software such as the BCH software that anyone who wishes to propose changes to such software can design and write content and upload it to a code hosting platform such as GitHub or GitLab (having registered with such platforms as a user).

- 40.2. GitHub and GitLab allow developers to collaborate on software development; such platforms have numerous features such as distributed version control, access control and bug-tracking.
- 40.3. The BCH software is publicly available to download at <https://gitlab.com/bitcoin-cash-node/bitcoin-cash-node> and also <https://github.com/bitcoin-cash-node/bitcoin-cash-node>. The official website for the BCH software is <https://bitcoincashnode.org> (the 'BCH Website').
- 40.4. The Fourteenth Defendant does not have, and has never had, the permissions required to make changes to the BCH software on either GitLab or GitHub. The Fourteenth Defendant does not know the person(s) who have such permissions. Nor does he have the ability to direct those person(s) to make any changes to the BCH software.
- 40.5. The BCH software is made publicly available and licensed under the terms of the MIT Licence, which provides:

Permission is hereby granted, free of charge, to any person obtaining a copy of this software and associated documentation files (the "Software"), to deal in the Software without restriction, including without limitation the rights to use, copy, modify, merge, publish, distribute, sublicense, and/or sell copies of the Software, and to permit persons to whom the Software is furnished to do so, subject to the following conditions:

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- 40.6. On a true construction, the terms of the MIT Licence preclude the fiduciary and tortious duties relied on by TTL from arising.

40.7. Save as aforesaid, paragraph 27 is denied.

41. As to paragraph 28:

41.1. The first and second sentences are denied: the Fourteenth Defendant has no such power or ability. Paragraphs 13 and 40 above are repeated. In any event, changes to the BCH software are only effective to the extent that the nodes download and use such updated software.

41.2. As to sub-paragraph 28a, on 15 August 2010 there was a 'soft fork' of the bitcoin blockchain, when Satoshi Nakamoto implemented a software change to the bitcoin software in order to rectify the so-called 'overflow bug' which had been exploited by a person unknown to create over 184 billion bitcoin tokens. The effect of the software change was that the bitcoin software operated as intended and the change was accepted by the vast majority of nodes running the bitcoin software at that time. Save as consistent with aforesaid, sub-paragraph 28a is denied.

41.3. Sub-paragraph 28b is denied. The Fourteenth Defendant is not able to utilise or revise the bitcoin BCH software to reverse a fraudulent transfer. Nor is the Fourteenth Defendant able to instruct others to do so. Any person may propose a change to the BCH software. Whether or not that change is accepted by any given node is a matter for each node in question. As set out further below, the software changes that TTL claims must be made to the BCH blockchain are fundamentally contrary to the principles set out in the Bitcoin White Paper and the current consensus among the nodes running the BCH software, as evidenced by the fact that those nodes continue to run the BCH software. Those changes are therefore highly unlikely to be accepted, even if proposed.

41.4. Sub-paragraph 28c is denied. There is no function within the current BCH software that would allow the Fourteenth Defendant (or any other person) to allow TTL, or any other owner, to access or control BCH tokens on the BCH blockchain in circumstances where the private key had been lost. BCH tokens can only be transferred on the BCH blockchain by the use of a private key. The Fourteenth Defendant does not know whether it is possible to write software that enabled control of BCH tokens by other means, and the same is not admitted. In any event, such software would be highly unlikely to be accepted by the nodes running the BCH software or the users of the BCH blockchain.

TTL'S ALLEGED OWNERSHIP OF BITCOIN

42. As to paragraph 29:

- 42.1. The Fourteenth Defendant denies that TTL owns or has ever owned the BCH tokens registered at the 1Feex or the 12ib7 addresses on the BCH blockchain.
- 42.2. Insofar as it is alleged, it is further denied that Dr Wright or any company with which he has had or has an interest owned or has ever owned the BCH tokens registered at the 1Feex or the 12ib7 addresses on the BCH blockchain.
- 42.3. TTL has not pleaded how it came to own the BCH tokens registered at the 1Feex or the 12ib7 addresses on the BCH blockchain.
- 42.4. In the ATO investigation referred to above, Dr Wright offered to prove to the ATO that he controlled the bitcoin tokens registered to the 1Feex and 12ib7 addresses on the bitcoin blockchain by signing a message using the private keys to such addresses. He was asked to do so. Notwithstanding his offer, Dr Wright failed to do sign such a message.
- 42.5. Save as aforesaid, paragraph 29 is denied.

43. As to paragraph 30:

- 43.1. It is denied that the bitcoin tokens registered to the 1Feex address on the bitcoin blockchain were or could have been purchased from 'WMIRK.com' in late February 2011 as alleged. WMIRK did not deal in bitcoin at that time.
- 43.2. Nor is there any evidence that Dr Wright was in possession of any Liberty Reserve Dollars at the relevant time.
- 43.3. The purchase order relied on by TTL and Dr Wright is a forgery:
 - 43.3.1. It states there is a mining fee of US \$75, when no such fee is shown on the bitcoin blockchain.
 - 43.3.2. It states that the 80,000 bitcoin have been purchased, when only 79,956 bitcoin tokens were in fact transferred on the bitcoin blockchain.
 - 43.3.3. The 1Feex address to which WMIRK are directed to deliver the bitcoin is mistyped. Addresses on the bitcoin blockchain in 2011 were case-sensitive.

43.3.4. The price per bitcoin recorded in the purchase order is 21.01 Liberty Reserve dollars per bitcoin (being a total of 1,680,800 Liberty Reserve dollars). However, at that time (a) Liberty Reserve dollars were approximately 1:1 with USD; and (b) bitcoin were approximately 1:1 with USD.

43.3.5. As explained immediately below, the 1Feex address is the address of the hacker of the Mt Gox exchange.

43.4. The bitcoin tokens registered to the 1Feex address were stolen from the Mt Gox exchange. The controller of the bitcoin tokens registered to the 1Feex address is the Mt Gox hacker. The person or entity associated with the 1Feex address did not obtain title to the tokens that were stolen and transferred to the 1Feex address.

44. As to paragraph 31:

44.1. It is admitted that between 13 May 2010 and 25 June 2010 there were various transfers of bitcoin tokens that are publicly recorded on the bitcoin blockchain.

44.2. As at the date of this Defence, there are 31,000.072220470 bitcoin tokens at the 12ib7 address on the bitcoin blockchain.

44.3. Save as aforesaid, no admissions are made.

45. As to paragraph 32:

45.1. It is admitted that the bitcoin blockchain records all transfers associated with the 1Feex and 12ib7 addresses on the bitcoin blockchain. No admission is made to the relevance of the same.

45.2. It is admitted that the tokens at the 1Feex and 12ib7 addresses were recorded on the bitcoin blockchain and were copied to the BCH blockchain when the hard fork occurred as aforesaid.

45.3. It is admitted that dust payments are recorded on the BCH blockchain at the 1Feex and 12ib7 addresses.

45.4. It is admitted that the same private keys apply to the 1Feex and 12ib7 addresses on BCH blockchain as to the other blockchains.

45.5. Save as aforesaid, paragraph 32 is denied.

46. As to paragraph 33:

46.1. It is admitted that dust payments have been made at the 1Feex and 12ib7 addresses on the BCH blockchain since July 2010.

46.2. It is admitted that dust payments are used in the hope of eliciting a response from an address on a blockchain or to associate the sender with that address. No admission is made as to the reasons why dust payments were made to the 1Feex and 12ib7 addresses on the BCH blockchain.

46.3. Save as aforesaid, paragraph 33 is denied.

47. As to paragraph 34:

47.1. The BCH blockchain records the number of tokens currently registered to the 1Feex and 12ib7 addresses. There have never been any transfers from those addresses on the BCH blockchain.

47.2. TTL is not the owner of the tokens at the 1Feex or 12ib7 addresses. The last sentence is accordingly denied.

47.3. Save as aforesaid, paragraph 34 is denied.

ALLEGED THEFT OF TTL'S PRIVATE KEYS AND OTHER INFORMATION

48. Paragraph 35 is denied. The Fourteenth Defendant denies that Dr Wright or TTL was ever in possession of or held the private keys (or means of access to the private keys) to the tokens at the 1Feex and 12ib7 addresses.

49. As to paragraph 36:

49.1. The Fourteenth Defendant denies that any hack of Dr Wright's personal computer and/or network took place between 5 and 8 of February 2020 or at all.

49.2. It is denied that TTL or Dr Wright was ever in possession of or held the private keys (or means of access to the private keys) to the tokens at the 1Feex or 12ib7 addresses.

49.3. In the premises, there is no basis upon which the inference can arise.

50. As to paragraph 37:


50.1. The Fourteenth Defendant denies that any hack took place as alleged or at all.

50.2. Paragraph 37 is denied.

51. As to paragraph 38:

51.1. The Fourteenth Defendant denies that the private keys (or means of access to the private keys) to the tokens at the 1Feex or 12ib7 addresses were in TTL's or Dr Wright's possession at any time. Accordingly, they could not have been misappropriated as alleged or at all.

51.2. The so-called 'discovery' of the misappropriation is a fabrication.

51.3. Dr Wright may have made a report to the police in respect of which he received a crime number. The Fourteenth Defendant does not know what was reported to the  Police and TTL is put to proof of the same.

51.4. Insofar as Dr Wright reported to the police that his home had been broken into and a router installed by a person or persons unknown without his knowledge or consent and that, as a result of such break-in and installation, a person or persons unknown were able to hack into that his personal computer and delete the private keys (or means of access to the private keys) to the tokens at the 1Feex and 12ib7 addresses the same is also a fabrication.

51.5. TTL has not pleaded what steps are alleged to have been taken by Dr Wright to 'secure' his personal computer or why it is alleged to have been necessary and TTL is put to proof of the same.

51.6. Insofar as Dr Wright wiped the hard drive of his personal computer or personal computers, he did so (a) to hide the fact that he did not have the private keys to the 1Feex or 12ib7 addresses and (b) to ensure that such computer or computers could not be forensically examined and thereby to hide the fact that no hack had taken place.

51.7. Dr Wright claims to have backed up his personal computer or computers to the cloud on two separate systems but that such back-ups were deleted when, following the wiping of the hard drives of his personal computer or computers, the computer or

computers synchronised with the cloud-based back-ups. Cloud-based back-up systems have features that enable deleted data to be restored; further users of cloud-based back-up systems can request deleted data to be restored. The explanation as to how Dr Wright failed, on TTL's case, to ensure that private keys to valuable assets were backed-up is incredible. It is inconceivable, on TTL's case, that Dr Wright, as someone who professes to have IT skills and particular expertise in IT security, did not take steps to secure or to restore the back-ups of such materials immediately upon becoming aware that the private keys and/or means of access to the private keys to the tokens at the 1Feex and 12ib7 addresses had been deleted, together with the other information and assets which Dr Wright claims was 'stolen' from him and others.

52. As to paragraph 39:

52.1. The Fourteenth Defendant denies that TTL was ever in possession of or held the private keys (or means of access to the private keys) to the tokens at the 1Feex and 12ib7 addresses.

52.2. It is further denied that TTL was ever the owner of the tokens at the 1Feex or 12ib7 addresses or ever able to deal with them.

53. As to paragraph 40:

53.1. The Fourteenth Defendant admits that he received letters from TTL's solicitors dated 12 June 2020 and 24 February 2021.

53.2. The Fourteenth Defendant admits and avers that he has denied (and continues to deny) that he is subject to the fiduciary and tortious duties alleged by TTL.

53.3. The Fourteenth Defendant admits and avers that he has not agreed to take the steps TTL required him to take.

53.4. Save as aforesaid, paragraph 40 is denied.

ALLEGED FIDUCIARY DUTIES AND ALLEGED BREACH OF DUTY

54. As to paragraph 41:

54.1. Paragraph 41 is denied. The Fourteenth Defendant owes no fiduciary duty to TTL (or any owner of Bitcoin Cash tokens, by virtue of their ownership). There is no

relationship of trust and confidence between the Fourteenth Defendant and TTL. The alleged relationship of trust and confidence is fundamentally contrary to the decentralised nature of the BCH blockchain. It is also fundamentally contrary to the longstanding personal animosity held by Dr Wright towards the Fourteenth Defendant, as pleaded at paragraph 12 above.

- 54.2. Sub-paragraph 41a is denied. The Fourteenth Defendant does not control the development or operation of the BCH software. Paragraphs 13 and 40 above are repeated. There is no imbalance of power between TTL and the Fourteenth Defendant. TTL has the power to secure and back up its private keys and the ability to insure against loss. In the event that TTL disagreed with the operation of the BCH blockchain TTL could, as Dr Wright did in November 2018, initiate or support a hard fork of the BCH blockchain. TTL also had the power to sell any tokens it controlled on the BCH blockchain (either through an exchange, or by way of private sale).
- 54.3. Sub-paragraph 41b is denied. The Fourteenth Defendant does not have the power to cause detriment to owners of BCH tokens as aforesaid. The BCH blockchain is decentralised, meaning that a consensus among nodes is required for any software change to take effect. In the event that nodes disagree as to whether to adopt any given software change a fork in BCH blockchain will occur. Any proposed software change which caused detriment to the owners of BCH tokens would be highly unlikely to be adopted by any significant number of nodes. By contrast, the software changes that TTL claims must be made to the BCH blockchain would likely have the effect of reducing the value of BCH tokens, because those software changes would represent a fundamental departure from the current consensus among nodes and users.
- 54.4. Sub-paragraph 41c is denied. The allegation of 'entrustment' is vague and imprecise. TTL has not entrusted the BCH tokens at the 1Feex and 12ib7 addresses on the BCH blockchain to the Fourteenth Defendant. BCH tokens are recorded on the publicly available BCH blockchain, copies of which are stored by nodes. TTL's own case is that TTL has never used the BCH blockchain to obtain, transfer or receive the BCH tokens at the 1Feex and 12ib7 addresses on the BCH blockchain. Those BCH tokens only came into existence on 1 August 2017, being after the date that TTL asserts that it obtained the relevant bitcoin tokens on the bitcoin blockchain. The alleged vulnerability on the part of TTL is denied and paragraph 54.2 above is repeated.
- 54.5. Sub-paragraph 41d is denied. TTL has never purchased the BCH tokens on the BCH network. In any event, a reasonable purchaser of BCH tokens would understand that the BCH blockchain is decentralised and not controlled by any one person. To the

extent that such a purchaser had any expectation as to future software development, such a purchaser would expect such development to accord with the principles set out in the Bitcoin White Paper. The software changes that TTL claims must be made to the BCH blockchain are fundamentally contrary to the principles set out in the Bitcoin White Paper. In particular:

54.5.1. Transfers on the blockchain are made on a peer-to-peer basis, without the need for a financial institution or financial intermediaries (p.1);

54.5.2. Transfers are non-reversible, without the ability on the part of intermediate financial institutions to mediate payment disputes (p.1);

54.5.3. Transfers are made using public and private keys and are publicly announced (p. 2); and

54.5.4. Nodes verify transfers to ensure that participants agree on a single history of transfers (pp. 2-3).

54.6. Sub-paragraph 41e is denied. The Fourteenth Defendant does not carry out any software development work (or any role) in relation to the BCH blockchain and receives no such payments as alleged.

55. As to paragraph 42:

55.1. The Fourteenth Defendant does not have the power or ability to require that the software changes proposed by TTL are made to the BCH software. Paragraphs 13 and 40 above are repeated. If such a change was made, it would represent a fundamental departure from the consensus among nodes currently running the BCH software and a fundamental departure from the principles set out in the Bitcoin White Paper.

55.2. Save as aforesaid, paragraph 42 is denied.

56. As to paragraph 43:

56.1. Sub-paragraph 43a is denied and paragraph 54 above is repeated.

56.2. Sub-paragraph 43b is denied and paragraph 41 above is repeated. In any event, there is nothing in the role of 'Developer' as alleged by TTL that justifies the imposition of the duties alleged.

- 56.3. Sub-paragraph 43c is denied. There is no ability in the BCH software to stop or reverse any transfers, because transfers are non-reversible and made without the need for any payment intermediary. Those are fundamental features of the BCH blockchain and the other blockchains. The Fourteenth Defendant cannot stop or reverse any transfer and nor can any other person. Furthermore, the Fourteenth Defendant has no means of knowing whether any given transfer is fraudulent or not.
- 56.4. Sub-paragraph 43d is denied. An owner of BCH tokens has the power to secure and back up its private keys and the ability to insure against loss.
- 56.5. Sub-paragraph 43e is denied. A person defrauded of BCH tokens has a number of potential routes of redress. Those routes include (a) recourse against the fraudsters, in the courts of any relevant national court, including freezing injunction relief; (b) recourse to any relevant policy of insurance; and (c) recourse against any relevant exchange (including requests to exchanges not to transact the contested BCH tokens and/or service upon any exchange of a freezing injunction).
- 56.6. Sub-paragraph 43f is denied. The Fourteenth Defendant does not have the power or ability to make changes to the BCH software. Paragraphs 13 and 40 above are repeated. Even if the Fourteenth Defendant did propose a change to the BCH software in the terms suggested by TTL, it is highly likely that change would be rejected by an overwhelming majority of nodes and owners.

57. Further:

- 57.1. It would be highly onerous to impose upon the Fourteenth Defendant the burden of determining whether any given transfer was in fact fraudulent. Nodes running the BCH software have processed, at their peak, over 1 million transfers per day. Furthermore, the identities of those person transferring and receiving BCH tokens on the BCH blockchain are not publicly available. It is also possible for ownership of BCH tokens to be transferred 'off-chain', without reference to the BCH blockchain.
- 57.2. The duty alleged would require the Fourteenth Defendant to adjudicate between rival claims to the same BCH tokens and would expose the Fourteenth Defendant to potentially unlimited liability, cost and expense in the event that a disappointed rival claimant disagreed with the Fourteenth Defendant's determination.
- 57.3. The duties alleged would place the Fourteenth Defendant in the role of a payment intermediary who is required to mediate payment disputes, in instances of alleged fraud and any case of alleged loss of access or control. That is entirely contrary to the

design of the bitcoin blockchain as set out in the Bitcoin White Paper. It is also contrary to the consensus among nodes currently running the BCH software.

- 57.4. The duties alleged are contrary to and precluded by the terms of the MIT Licence pleaded at paragraph 40.5 above.
 - 57.5. The duties alleged would require the Fourteenth Defendant to expend considerable time and resources in creating new software and seeking to introduce those software changes to the BCH software.
 - 57.6. If such software changes were introduced, it is highly likely that the vast majority of users and nodes would not agree with or adopt the changes. The Fourteenth Defendant's reputation would be tarnished as a result of his association with those changes, which run contrary to the design of the bitcoin blockchain as set out in the Bitcoin White Paper.
 - 57.7. There is no contractual relationship between the Fourteenth Defendant and any owner of BCH tokens. Persons can buy or sell BCH tokens without publicly revealing their identity. The class of persons who are or may become owners of BCH tokens is potentially unlimited and indeterminate.
 - 57.8. The duties alleged require the Fourteenth Defendant to protect TTL from harm, including loss caused by third party wrongdoers.
 - 57.9. The duties alleged would persist indefinitely.
58. As to paragraph 44:
- 58.1. Paragraph 44 is denied. Public policy considerations are not relevant to the question of whether a fiduciary duty ought to be imposed. In any event, as set out further below, any considerations of public policy militate against the imposition of a fiduciary duty.
 - 58.2. As to sub-paragraph 44a:
 - 58.2.1. It is admitted that bitcoin and bitcoin BCH tokens are traded globally by individuals and institutional investors. The transaction costs involved in such trading are outside of the Fourteenth Defendant's knowledge and are not admitted.

- 58.2.2. The term 'bitcoin assets' in the third sentence is vague and imprecise. To the extent that it is intended to refer to BCH tokens, the Fourteenth Defendant does not know whether BCH tokens will represent for many individuals the substantial or predominant part of their savings, and the Claimant is required to prove the same.
- 58.2.3. The last sentence involves speculation about the future of bitcoin as a digital asset class and is not admitted.
- 58.2.4. The fact that BCH tokens are traded globally by a large number of persons is a reason militating against any change to the reasonable expectations of the persons who transact BCH tokens. The software changes that TTL claims must be made to the BCH blockchain are fundamentally contrary to the principles set out in the Bitcoin White Paper and the current consensus among nodes and users.
- 58.3. Sub-paragraph 44b is denied. The Bitcoin White Paper makes it clear that transfers are intended to be non-reversible and that the only means of transacting on the bitcoin blockchain is by use of a private key. There is nothing unfair or unreasonable in that design, which is intended (among other things) to reduce transfer costs and avoid the need for financial intermediaries. Those design features of the BCH software are consistent with its original intention and design and it would be contrary to the reasonable expectations of users and nodes to change those design features.
- 58.4. Sub-paragraph 44c is denied. There is no relevant analogy between physical cash and BCH tokens. Owners of BCH tokens are able to protect themselves against loss of their private keys. They can secure and back up their private keys and insure against loss.
- 58.5. Sub-paragraphs 44d and e are so vague and imprecise that it is not possible to meaningfully plead a response. The BCH software is not easily amenable to manipulation by fraudsters. Transfers on the BCH blockchain can only be made by private key. It is the responsibility of holders of private keys to keep their private keys secure.
- 58.6. Sub-paragraph 44f is vague and imprecise and no particulars are provided of the alleged '*seriousness of the services provided by the Developers*'. The Fourteenth Defendant has no formal role in relation to the BCH blockchain and provides no services in relation to the BCH software.

59. Paragraph 45 is denied and paragraphs 54 to 57 above are repeated.
60. As to paragraph 46:
- 60.1. For the reasons set out above, it is denied that the Fourteenth Defendant owes TTL any fiduciary duty, as alleged or at all.
- 60.2. It is denied that the Fourteenth Defendant has any power to give TTL access or control of the BCH tokens at the 1Feex or 12ib7 addresses on the BCH blockchain.
- 60.3. Whilst being under no obligation to consider TTL's claim to ownership of the BCH tokens at the 1Feex and 12ib7 addresses on the BCH blockchain, upon receipt of TTL's letter dated 24 February 2021, the Fourteenth Defendant did consider TTL's claim. The Fourteenth Defendant considered that TTL was not the owner of those BCH tokens, in part because of Dr Wright's propensity for untruth but also because the 1Feex address has been the subject of a large amount of speculation among the crypto asset community and is widely considered to be the receiving address of the 2011 hack of the Japanese Mt. Gox exchange (and hence would contain BCH tokens belonging to Mt. Gox, or customers of Mt. Gox). The Fourteenth Defendant's assessment that TTL was not the owner of the BCH tokens at the 1Feex and 12ib7 addresses on the BCH blockchain was correct and in any event was made reasonably and in good faith.
- 60.4. Given the Fourteenth Defendant's assessment that TTL was not the owner of those BCH tokens, even if the Fourteenth Defendant had been in a position to make any change to the BCH software to benefit TTL, it would not have been appropriate to do so, because it would have disenfranchised the true owners of the BCH tokens in question. In those circumstances there can be no breach of duty.
- 60.5. In any event, even if such software changes were proposed, they would have no meaningful effect, because it is highly likely that any such change would be rejected by an overwhelming majority of BCH nodes and users. In those circumstances there can be no loss.
- 60.6. Save as aforesaid, paragraph 46 is denied.

61. As to paragraph 47:
- 61.1. The first and second sentences simply repeat TTL's case on breach of duty and are denied for the reasons set out above.
- 61.2. The third sentence is denied. It is denied that TTL is entitled to any declaration that it is the owner of the BCH tokens at the 1Feex or 12ib7 addresses on the BCH blockchain. TTL is not the owner. In any event, it is not appropriate, fair, just or equitable to make such a declaration of ownership when the proper defendants to such a declaration (being persons who have asserted rival claims to those same BCH tokens) are not before the Court.
- 61.3. In any event, any declaration as to ownership would not and could not create a duty on the part of the Fourteenth Defendant where no such duty previously existed.
- 61.4. Any requirement that the Fourteenth Defendant introduce a software change to the BCH blockchain with the effect of transferring BCH tokens to TTL would leave the Fourteenth Defendant exposed to potentially unlimited liability, cost and expense from disappointed rival claimants who disagreed with the Fourteenth Defendant's actions. Paragraphs 57.5 to 57.9 above are repeated.
- 61.5. Save as aforesaid, paragraph 47 is denied.
62. Paragraphs 48 and 49 are noted as a summary of the relief claimed by TTL. TTL's entitlement to that relief is denied for the reasons set out in this Defence.
63. As to paragraph 50:
- 63.1. TTL asked the Fourteenth Defendant to consider its claims to ownership of the BCH tokens at the 1Feex and 12ib7 addresses on the BCH blockchain. Whilst the Fourteenth Defendant was under no obligation to do so, it did consider TTL's claim. Paragraphs 60.3 and 60.4 above are repeated.
- 63.2. The Fourteenth Defendant was correct to assess that TTL does not own the BCH tokens in question.
- 63.3. TTL's own evidence, as stated in the Dr Wright's first statement at paragraphs 43 to 44 and Mr Cain's first statement at paragraphs 196 to 198, is that a number of other persons have asserted rival claims to the bitcoin at the 1Feex address and at least one person has instructed solicitors to make that claim. It would not be appropriate, fair, just or equitable to make any declaration of ownership in TTL's favour when the

proper defendants to such a declaration (being persons who have asserted rival claims to those same BCH tokens) are not before the Court.

63.4. Save as aforesaid, paragraph 50 is denied.

ALLEGED DUTY OF CARE AND ALLEGED BREACH OF DUTY

64. Paragraph 51 is denied. There has been no voluntary assumption of responsibility by the Fourteenth Defendant; there is no proximity between the Fourteenth Defendant and TTL and it would not be fair, just and reasonable to impose the alleged duty. There can be no duty (as alleged by sub-paragraph 51(b)) to protect against fraud. Paragraph 57 above is repeated.

65. Paragraph 52 is denied:

65.1. TTL relies upon paragraphs 41 to 45. As to those paragraphs, paragraphs 54 to 59 above are repeated.

65.2. Sub-paragraph 52a is denied. The duty alleged is not incremental to any circumstance in which a duty of care has been found to arise.

65.3. Sub-paragraph 52b is denied. It is not foreseeable that any such harm would be caused to owners of BCH tokens. The consequences described by TTL are simply the result of the design of the BCH blockchain.

65.4. Sub-paragraph 52c is denied and paragraphs 54 to 59 above are repeated.

66. Paragraph 53 is denied:

66.1. For the reasons set out above, it is denied that the Fourteenth Defendant owes TTL any duty of care, as alleged or at all.

66.2. It is denied that the Fourteenth Defendant has any ability to include in the BCH software (a) a means to enable access to BCH tokens for those who have lost their private keys or had them stolen or (b) safeguards to protect owners of BCH tokens from being denied control of those tokens as a result of theft or wrongdoing by third parties.

66.3. It is denied that the Fourteenth Defendant has any ability (a) to give TTL access or control to the BCH tokens at the 1Feex and 12ib7 addresses on the BCH blockchain; (b) to transfer to TTL those BCH tokens or (c) to prevent third parties from accessing those BCH tokens.

- 66.4. In any event, such software changes would require considerable time and resource, and it is not unreasonable for the Fourteenth Defendant to refuse to undertake that exercise, particularly in circumstances where to do so would damage his reputation.
- 66.5. Whilst being under no obligation to consider TTL's claim to ownership of the BCH tokens, the Fourteenth Defendant did consider TTL's claim. Paragraph 60 is repeated. In reaching the view that TTL was not the owner of the BCH tokens at the 1Feex and 12ib7 addresses on the BCH blockchain the Fourteenth Defendant acted reasonably.
- 66.6. In any event, even if such software changes were proposed, they would have no meaningful effect, because it is highly likely that any such change would be rejected by an overwhelming majority of BCH nodes and owners. In those circumstances there can be no loss.
67. Paragraph 54 is denied. It is denied that there is any harm to TTL in the BCH blockchain design operating as intended. In any event, it would not be just or equitable to grant the injunction sought, for the reasons set out at paragraph 57 above.
68. Paragraph 55 is denied. For the reasons set out in this Defence, it is denied that the Fourteenth Defendant is liable (as alleged, or at all).

RELIEF CLAIMED

69. In relation to the relief claimed:
- 69.1. It is denied that TTL is entitled to the relief claimed or any relief. Even if TTL proves ownership of the BCH tokens at the 1Feex or 12ib7 addresses, that Dr Wright's personal computer was hacked and the private keys associated with such addresses were deleted and that such backups that were made were also deleted and the private keys were thereby lost, no declaration as to ownership should be made. The Fourteenth Defendant does not make any claims to own the BCH tokens registered at the 1Feex or 12ib7 addresses on the BCH blockchain and the declarations sought would serve no proper purpose.
- 69.2. Nor should the Court make the orders sought against the Fourteenth Defendant in circumstances where the Fourteenth Defendant does not have the skills or knowledge to write software that would enable TTL to access the BCH tokens registered at the 1Feex and 12ib7 addresses on the BCH blockchain nor the authority to require other developers who have such skills and knowledge to do so.

69.3. Nor should the Court make such orders where the strong likelihood will be that any such software changes will not be adopted or used by the nodes or sufficient numbers of the nodes; will not be adopted or used by users of the BCH blockchain or owners of BCH tokens; or where the effect of implementing such software will be to cause a hard fork in the BCH blockchain and/or will harm the Fourteenth Defendant's reputation, the BCH blockchain and/or the economic interests of owners of BCH tokens.

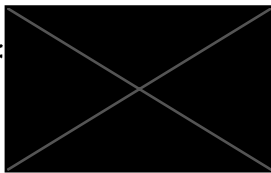
ALEX CHARLTON KC
DANIEL KHOO

Served this 5th day of April 2023

STATEMENT OF TRUTH

I believe that the facts stated in this Defence are true. I 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.

Signed:



Name:

Date: April 5th, 2023

Claim No. BL-2021-000313

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

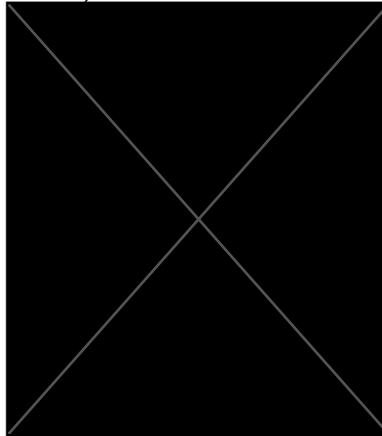
BETWEEN

TULIP TRADING LIMITED
(a Seychelles company)

Claimant

-and-

(1) BITCOIN ASSOCIATION FOR BSV (a Swiss
verein)



Defendants

DEFENCE OF THE FOURTEENTH DEFENDANT

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EC1M 4BJ

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Solicitors for the Fourteenth Defendant