

# PRESS RELEASE

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<b>Subject</b>	Blockchain Smart Contract Arbitration

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## Blockchain Smart Contract Arbitration test-run succeeded with support of CMS

Munich – The Munich based Blockchain solutions provider Datarella has conducted an arbitration proceeding using Blockchain technology.

CMS advised on the creation of Blockchain Arbitration Rules. The expertise of CMS' technology and dispute lawyers was requested to assess the legal potentials of arbitration in Blockchain and Smart Contract environments. CMS lawyer and Blockchain expert Dr. Markus Kaulartz was appointed as arbitrator conducting the test proceedings.

The Blockchain technology is a new technology, well known from the cryptocurrency Bitcoin. Transactions exchanged between participants of the Blockchain do not require a trusted third party like an intermediary to control or approve them. Trust is rather created by the majority of participants in a P2P network.

Smart Contracts can be used to apply conditions derived from legal contracts to such transactions. This allows Smart Contracts to execute and enforce legal contracts. The Blockchain technology provides the perfect environment for Smart Contracts because their execution is neither controlled nor influenced by any person.

However, the advantages of Smart Contracts decrease if disputes are brought to state courts. The test-run showed that the combination of a Smart Contract Arbitration Library with Blockchain Arbitration Rules can preserve the advantages of Smart Contracts in case of disputes.

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The Blockchain Arbitration Rules are rules intended to govern the procedural aspects in case of a conflict. The advantage of such rules compared to conventional arbitration rules is that they explicitly allow for documents and pleadings to be shared using the Blockchain as a verification mechanism. Furthermore, the Blockchain Arbitration Rules allow for an interaction with an Arbitration Library included in the code of the Smart Contracts, which can automatically interact with the arbitrator.

### **CMS Hasche Sigle**

Dr. Markus Kaulartz

Dr. Jörn Heckmann, both Senior Associates, both TMC

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### **About CMS:**

Founded in 1999, CMS is a full service top 10 international law firm, based on the number of lawyers (Am Law 2016 Global 100), and offers specialist advice in many different fields. With 70 offices in 39 countries across the world, employing over 4,500 lawyers, CMS has longstanding expertise both at advising in its local jurisdictions and across borders. CMS acts for a large number of Fortune 500 companies and the FT European 500 and for the majority of the DAX 30.

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