



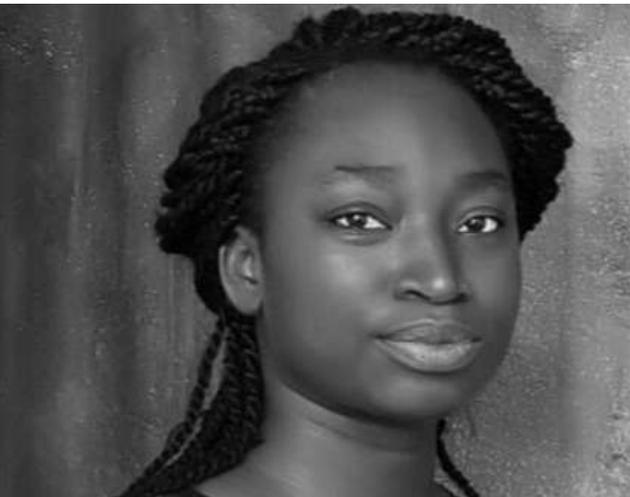
30 May, 2019

Options for Lawyers In Blockchain Technology

KNOWLEDGE SHARING SESSION
WITH FAITH OBAFEMI



Moderator: Fernandez Marcus-Obiene



About the Facilitator

Faith Obafemi is a digital international lawyer who specializes in blockchain, cryptocurrency and emerging technologies. Faith brings five years of legal expertise to help projects navigate the crypto-regulations and compliance maze. She does this through her consulting outfit: Future-Proof Intelligence (FINT). She and her team recently made contributions and recommendations to the Blockchain and DLT section of the Central Bank of Nigeria's Payment System Vision 2030.

As an aspiring legal engineer/technologist, she automates legal documents, integrated with smart contracts, on the OpenLaw, a platform built on the Ethereum blockchain.

Faith is a Research Fellow at the African Academic Network on Internet Policy (AANOIP), where she makes in depth research on the intricacies in blockchain and law. Faith is also a digital content writer and has written several informative and engaging articles for major online global magazines. She has spoken at events; Blockchain Week Workshop, African Women in Tech 2018, including ConsenSys, BlockTech Women and CoinFest sponsored events.

She has been featured on the cover page of Legal Business World, an international magazine for lawyers; Fortune, an Italian Magazine; Africa Legal and several other prints and electronic publications. She is also on the list of top 20 African blockchain influencers to follow on Twitter in 2019.

Currently, Faith spends her free time solidifying her knowledge in smart contracts programming.

Options For Lawyers In Blockchain

Outline

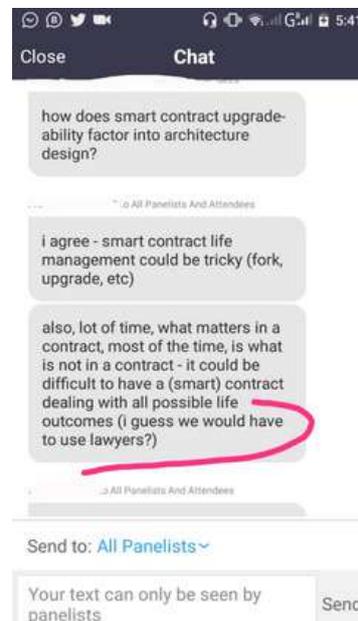
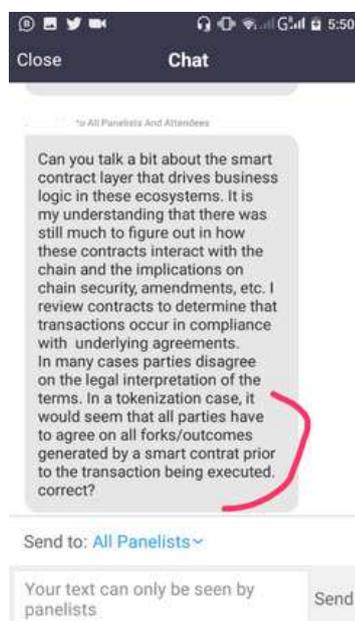
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- Blockchain Law Applications
- Blockchain Law Occupations
- Blockchain Law Combinations
- Blockchain Law Considerations
- Conclusion

Introduction

Legal Counsel/Lawyer/Attorney

Above variations are among the top blockchain jobs in high demand. Early this year, Facebook announced vacancy for a blockchain lawyer. It also has similar vacancies for legal counsel on its career page. Among the JD/responsibilities listed, this stands out: Contract drafting, negotiation and advisory responsibilities for Facebook's blockchain initiative .

About 10 minutes ago, I was participating in a webinar on Tokenization. Let me share some screenshots of questions attendees asked.



I have marked the area I wanted to draw our attention to. So, what exactly do blockchain lawyers do and what options are there for lawyers in blockchain technology?

We will get our answers by looking at the 'tutions', being the applications , the occupations , the combinations , and the considerations of blockchain law.

But first, before we proceed, let us touch the fundamentals in brief. A short video on what is blockchain:

<https://www.linkedin.com/feed/update/urn:li:activity:6539042827555471360>

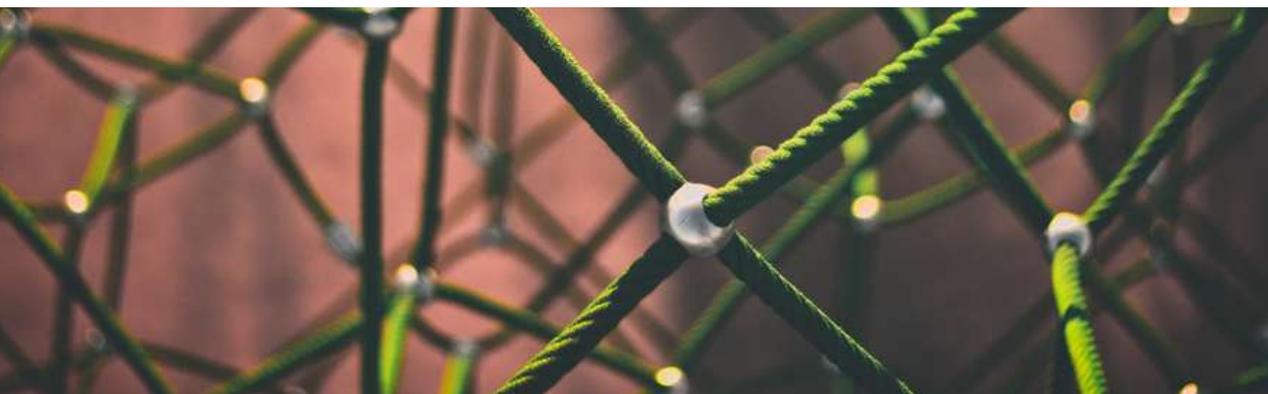
Please watch the above video right away. I'll pause for 5 minutes.

Further readings:

My article on blockchain fundamentals: Download PDF:

https://docs.wixstatic.com/ugd/b30d31_8dde0e279f0f4551b1d4127b366fa530.pdf OR read the article:

<https://www.legalbusinessworld.com/single-post/2019/03/22/Opportunities-in-the-Blockchain-Industry-for-Lawyers>



Blockchain Law Applications

By default, lawyers are attuned to looking out for problems. After all, that's where our briefs come from. It will be a breath of fresh air to have more lawyers looking out for solutions. The lesser court cases, the better for everyone actually. And no, it won't be the death of legal advocacy as there would still be some form of dispute resolution.

Blockchain is one emerging technology that could provide more solutions and fewer problems to sue over.

Here are some blockchain uses in the legal industry or law applications that can help achieve this.

1. Records for public documents:

This is perhaps the ultimate blockchain use case in the legal industry. We've all encountered cases of document forgery, even our leaders are involved in forgery scandals. Usually, these forgery cases involve public documents, worse, it is sometimes impossible to verify as management of public records is best described as a nightmare. Think corrupt officials, destroyed or lost documents.

Using the blockchain, the authenticity of the data can be first verified by the parties involved before it is entered. My UNIC MOOC is verifiable on the blockchain. In future, one can easily trace the life cycle of a particular document and see with timestamps changes or updates made.

Now we'll have proof of existence, proof of authenticity and proof of integrity.. My UNIC MOOC Certificate is verifiable on the blockchain.

2. Automation and Self-executing Contracts:

On Monday, I signed on a new client and we used an online signing service to execute the agreement. The online service came complete with a cryptographic hash of the document and a timestamp of when we each signed the agreement.

This is almost similar to how smart contracts work, just missing the automated payment part. In no distant future, smart contracts are likely to be the legal engine of a smart world .

Managing a smart property for your client? You would probably be likely to use a smart contract. The rent is automatically deducted from the tenant once rent is due, the landlord is automatically paid, and you also automatically receive your fees. How sweet.

3. DRM/ Digital IP Rights:

I recently took a lecture on Blockchain and IP, let me reproduce some excerpts.

“We are now in the digital age where other people's work can be copied and disseminated to millions with just a click and without the owner's permission or knowledge. Current DRM (Digital Rights Management) measures have been largely ineffective due to the internet providing the tools for unauthorized infinite reproduction of people's intellectual property.”

Blockchain technology will enable creators to directly interact with their fans, track sales and conduct private auctions. Currently, IPRs are recorded in traditional centralized registries, making it vulnerable to issues like tampering, manipulation and a fertile ground for IP trolls to operate.

Registering IPRs on a decentralized ledger like the blockchain will instantly convert it into a smart IPR, facilitating easy transfer of ownership and licensing.

Flowing from the above, such a registry would be a smart IP registry. With smart IPRs embedded in smart contracts, the blockchain can be used to ensure real-time payments to IP owners and the enforcement of IP agreements. Creators can now have direct access to their audience, without the middlemen labels that milk them dry.

Combination of smart IPRs and smart IP registries means issues regarding first to apply, first to register, first to use in trade and so on, would be things of the past. A transparent record that is time-stamped and immutable would make for easy proof, audit and tracking of the life cycle of an IPR."

4. Notaries:

For document authentication and signature verification, complete with timestamps and hashes. This could be the needed solution to the problem of foreign distrust in Nigeria's Notary system.

5. Corporate Matters: For instance, OpenLaw is partnering with the State of Delaware to automate their corporate filings. Entrepreneurs can now set up a new company in under 10 minutes and have their certificate sent by post.

I can't wait for when CAC decides to do this.

6. Decentralized Justice/ ODR:

I talk more about this in decentralized juror in the blockchain law occupations section.

7. Chain of Custody for Evidence:

It's common to find evidence missing or compromised as they get passed from one person to another. A digitized chain of custody would still not solve this problem since it could be manipulated. But using the blockchain, as the evidence moves from one hand to another, on its way to the court, there is verifiable evidence to track its movements in the event it gets lost.



Blockchain Law Occupations

There are different roles which lawyers take up in this fast-growing industry. Let's highlight a few.

1. Legal Consulting:

Lawyers in blockchain will encounter different types of clients, from established companies to newborn startups, to even family business and active individuals looking to cash in on the new wave. Usually, when they come, they are a legal tabula rasa, and it is your duty to help them draw up a legal roadmap for corporate governance and related issues.

This is where the blockchain lawyer consults for them on appropriate jurisdiction to incorporate, type of legal structure that would meet their business needs, to ICO or not, and so on.

2. Policy Formulation:

In April this year, on Kenechukwu Agwu's group, I attended a lecture on policy formulation as a career path in law. One area such skills are needed is blockchain, as usually, emerging technologies have the highest need for policy formulations.

Although, we all know governments are usually the last to adopt innovation, nevertheless, one can offer this service to private and international organizations focused on legal development.

3. Legislative Tracking:

Each week, there is always some regulations or policy relating to blockchain being issued somewhere around the world. Just today, the Egyptian government issued a public notice that a licence is needed before a company can run an exchange or trade cryptos.

This was in view of their plans to launch a national cryptocurrency. Keeping an updated review of these regulations is invaluable in the current legal uncertainty thickly overshadowing blockchain.

4. Legal Compliance:

Some jurisdictions require a license before a company can engage in blockchain or crypto business.

Yesterday, while on our regular legal team call with a client looking to set up in Estonia, we were asked the legal status of the project's tokens as that would determine if a license is required. Where it is concluded that they are utilities, a license would not be required, but where they are securities, my client would then need a license before they can set up or even operate in Estonia. And yes, they will definitely be paying for the legal opinion they now urgently need.

5. Legal Representation/Litigation:

Two weeks ago, an investor was awarded \$75 million in a crypto theft case. I wrote about it here: <https://blockchainafrica.net/us-court-awards-75-million-to-crypto-investor-in-sim-swapping-hack-case/>.

That's just one type of litigation that can arise from blockchain and crypto. Justin S. Wales, the co-chair of Carlton Fields' blockchain practice says there is "a four-fold increase in suits involving cryptocurrencies or blockchain-based technologies in each of the last four years."

Here in Nigeria, they are most likely in the form of fraud and cybercrime cases.

6. Decentralized Juror:

Decentralization is the keyword in the global anthem for the fourth industrial revolution. Democracy was easy to attain when just a handful of people were involved. What then happens when digitization turns the world into a global village?

Obviously, the traditional justice system is ill-equipped for the digital age. You won't advise your client who is a web designer to take his

employer to court over a dispute worth \$200, never mind the indefinite time it will take for the court to rule or that costs could easily accrue to ten times the worth.

Digitizing court processes have not cured these ills. An option currently being explored by Kleros (kleros.io), is a decentralized court where anonymous jurors participate in helping to resolve disputes. Spending \$5 or \$10 to resolve a \$200 dispute is definitely worth it.

Lawyers can apply to be jurors on decentralized justice platforms and get paid for their efforts.

7. Legal Researcher:

While preparing for this lecture, I discovered my name popped up on the first page of google for blockchain legal researcher .

Interestingly, in late 2017 when I first ventured into blockchain law practice, this was my first job; working as a virtual intern for a US-based blockchain lawyer, who paid me by the hour. My tasks included legal research that sought to answer the countless legal questions blockchain brings up.

8. Smart Contracts Programming:

I have always iterated in all my lectures and training that soon, lawyers who can programme smart contracts will be indispensable.

Just as we can literally not do without Google, such a bilingual lawyer, one who knows both the law and the code would be in high demand.

9. Smart Contracts Audit/Review:

Not just on the lookout for code bugs, lawyers review smart contracts to fish out legal discrepancies, insert arbitration clauses and check for compliance.

In an ICO smart contract, for instance, a lawyer would check for vesting, locking and proper custody of funds.

10. Escrow: Similar to how it works traditionally, lawyers can serve as escrows for certain transactions. Example, a European investor looking to invest in the private sale for a Nigerian blockchain startup.



Blockchain Law Combinations

Be it a startup, an established business, a family enterprise, a non-profit organization, or just an enthusiast looking to deploy blockchain-based solutions in the real world, they will need someone knowledgeable to help them navigate the regulatory maze.

The legal practice area of blockchain law, also called *lex cryptographia*, is one that also encompasses corporate law, FinTech law, capital markets and securities, investments, contract law, banking, etc.

Here are some blockchain pairs to consider.

1. Blockchain and Cybersecurity
2. Blockchain and Privacy & Data Protection
3. Blockchain and GDPR
4. Blockchain and Tax
5. Blockchain and Capital Markets (securities)
6. Blockchain and Tokenization (digital assets management)
7. Blockchain and Intellectual Property
8. Blockchain and Smart Contracts (DApps and programming)
9. Blockchain and IT (Information Technology)
10. Blockchain and Arbitration (Online Dispute Resolution)
11. Blockchain and Real Estate
12. Blockchain and FinTech
13. Blockchain and ICO/ITO/TGE/STO/IEO
14. Blockchain and Energy
15. Blockchain and Cryptocurrency/Digital Currency
16. Blockchain and AI (Artificial Intelligence)



Blockchain Law Considerations

Institutional and private investors are betting millions of dollars on the potentials of blockchain technology to disrupt every facet of life, from healthcare to government.

We saw a few of these transformations in the legal industry in the blockchain law applications section.

This brings to the fore countless legal implications which we will look at in this section on blockchain law considerations - questions of law on blockchain and crypto.

1. What are the legal responsibilities of blockchain developers?
2. Who is liable when an exchange gets hacked?
3. Who is liable for the theft of user's funds from an exchange?
4. Are smart contracts legally enforceable?
5. Are there legal limitations to smart contracts?
6. What are the distinctions, if any, between code and law?
7. Does the immutability of blockchains infringe on privacy rights?
8. Since access to the network is open, where does data protection come in?
9. Are the obvious differences in GDPR and blockchain reconcilable?
10. Can cryptos become recognized as legal tender?
11. What are the applications of securities law to crypto crowdfunding: ICO/STO/IEO?
12. Who is liable when an ICO fails?
13. What remedies are there for investors of a failed ICO?
14. Who owns a DAO?
15. How can decentralization be regulated?

16. How does one regulate something designed to be decentralised?
17. When disputes arise in decentralized transactions, under which jurisdiction would it be resolved?
18. Do the judgements/decisions given via decentralized justice have the force of law?
19. Are judgements/decisions given via decentralized justice enforceable?
20. Can a community challenge the copyrighting of an open source project?
21. What makes a token legitimate?
22. What happens to my bitcoin when I die?

I answer the last question here: <https://blockchainafrica.net/crypto-succession-what-happens-to-my-bitcoins-when-i-die/>. Just for discussion sake, it would be good to have your opinions on answers to the above questions.



Questions & Answers

Question 1

In the video you posted. I can not describe the they way I felt when the woman describing the future said wasting of time and money (engaging a lawyer) would be expunged by Block Chain tech. This scared the hell out of me. So if we don't evolve (some of us have other practice areas apart from Fin tech) we will soon be out of job?

Answer

My first blockchain article was one titled "The technology that will replace lawyers". So, I know how you feel. Anyways, they are just trying to spread FOMO (fear of missing out). I do not see any technology replacing lawyers, now or in the future. I only see it making things more efficient for everyone.

Take a look at the 22 questions I mentioned, these were not issues before blockchain, but now, they suddenly are. So, as new technology comes, we will simply deal with new questions.

All you are required to do is stay Future-Proof. And yes, anyone who doesn't evolve will become a dinosaur

Question 2

Thanks for the lecture please can you recommend some material/books or courses we can use as beginners about the whole block chain concept, thanks.

Answer

I recommend the UNIC MOOC. Also, check EdX and Coursera for courses. Just google these, you'll find them

Question 3

I think a number of us here will like to know what the acronyms, ICO, STO, IEO, GDPR, TGE mean...

Answer

- ICO - Initial Coin Offering
- STO - Security Token Offering
- IEO - Initial Exchange Offering
- TGE - Token Generation Event

These are different crowdfunding methods on the blockchain

They are all versions of a digital IPO.

ICO - a project creates tokens on a blockchain network, usually the Ethereum blockchain. These tokens are essentially smart contracts. The tokens are sold to anyone who wants to buy.

STO - came up due to the argument that the tokens sold are securities. Most project founders argued they are just utilities. The US uses The Howey test to determine if tokens are securities.

So, STOs are just regulated ICOs which have gotten permission from SEC

IEO - a new development. Usually after an ICO, a project then lists their tokens on an exchange, thereby opening liquidity. But in an IEO, the tokens are offered for the first time on an exchange. That's like instantaneous liquidity.

Liquidity here means, being able to exchange for other crypto assets or even Fiat

TGE is a synonym for ICO. Blockchain and crypto are actually under FinTech. FinTech is Financial Technology. The first use case of the blockchain technology is cryptocurrency...finance

GDPR - General Data Protection Regulation. An EU regulation on data protection and privacy

Question 4

I'm sure people here are wondering what the difference is between Blockchain and Bitcoin?

Answer

These are in the fundamentals in the PDF and article I dropped the links to. But, let me explain it here: Bitcoin is not synonymous to blockchain. Blockchain is like electricity, bitcoin is like a bulb. Blockchain is to bitcoin what electricity is to a bulb. Without the blockchain, there would be no bitcoin. And, just like lighting bulbs is not the only thing electricity can be used for, so also, crypto is not the only thing a blockchain can be used for.

There are a thousand and one use cases already developed or being developed worldwide

Question 5

I just finished reading this article & I think Blockchain may facilitate loss of assets if a proper succession plan is not put in place. I actually think the time locked transaction offers the best solution. However, I'll like to hear your opinion on this.

Answer

I understand blockchain is not something that can be learnt in one sitting. But, doing your part and asking questions will make it interesting. I think you are putting the cart before the horse. It is after a succession plan has been made, before it then gets deployed on the blockchain. Or in the case of private keys, they can be kept in custody. Just like some set up trusts for their children to mature when they reach a certain age.

Question 6

Please, the video you sent on introduction to the topic, the facilitator was talking about programmes, codes, data, etc. for effective safety of information. Do you think that apart from signing up for online programs as you have rightly suggested, it's also advisable to have practical knowledge on how to write in codes, JavaScript (those computer languages)

Answer:

It is advisable, but not mandatory. I'm not sure blockchain programmers use JavaScript, perhaps for front end.



Conclusion

Like every other practice area, understanding exactly what happens in that area is crucial. Only then would you be able to properly advise your clients. For instance, I had sworn that I wouldn't get involved in crypto trading, but one of my top clients is an exchange, so when we have meetings, they toss out unfamiliar terms like liquidation, maker and rebates, and I'm like.

It would be unprofessional to then keep asking for explanations. Well, I did 'the dew' and learnt to trade, just for the experience and knowledge. My point is, whichever law practice area you are in, you have the duty to always be on your toes. This is why I spend hours taking courses and reading books that explore the business aspects, the legal aspects and even the technical aspects of blockchain.

This might sound biased, but I am beyond convinced that decentralization and cryptocurrency is the future. Only, it might not be blockchain and it might not be bitcoin. I hope tonight's lecture will open your mind to explore the possibilities rather than dismissing this as a fad. Thanks for your time!

I hope you have been able to pick one or two things and I haven't bored you to death.

Vote of Thanks

On behalf of everyone of us here and away. I sincerely appreciate the time you have created out of your busy schedules to enlighten us on this all important subject. It has been extremely engaging and I believe the electricity you have generated will light up our bulbs in no distant time. Thank you so much ma. We are indeed grateful and we wish you the best going forward.

Compiled and edited by:

**Knowledge Sharing Committee of the Young Legal Professionals,
30th of April 2019.**

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