Litigating against platforms, protocols and DAOs

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Platforms

A claim against a licensed Singapore exchange is a claim against a Pte Ltd with a registered office, an MAS licence and auditors. It is served at the registered office and defended by counsel. The practical difficulties are the exclusion clauses in the terms, the arbitration clause that many platforms include and the platform's tendency to rely on its AML obligations to justify freezing a customer's account. Singapore courts have held that a platform's contractual right to freeze is subject to an implied duty of good faith and proper purpose. An indefinite freeze without explanation may therefore be a breach, which is the Singapore version of the debate over bank account freezes.

Protocols and DAOs

A claim against a decentralised protocol has no obvious defendant. Singapore has not yet decided whether a DAO is a partnership, an unincorporated association or nothing at all. The question is examined in Part B, Chapter VII and Part K, Chapter IX. The litigation technique is to identify the legal persons behind the protocol: the foundation or company limited by guarantee that holds the treasury or the intellectual property, the developers' company, the front-end operator and the multisig signers. Each can be sued in its own right, while the court can be asked to treat the signers as trustees of the treasury for the token holders. Persons-unknown procedure covers the signers whose identities are not yet known. Service through the protocol's governance forum and Discord has been allowed on the *Janesh* reasoning.

Example

A Singapore family office provided liquidity to a lending protocol governed by a token-holder vote and controlled operationally by a five-of-nine multisig. A governance proposal, passed with the votes of a single large holder, redirected protocol fees to an address controlled by that holder and changed the collateral parameters so that the family office's position was liquidated. The family office sued in the General Division the Cayman foundation that held the protocol's intellectual property and the four known multisig signers, together with persons unknown for the remaining five, claiming breach of fiduciary duty, conspiracy and unjust enrichment. The court granted a proprietary injunction over the redirected fees at the exchange where they had been deposited and allowed service on the signers through the governance forum. The case settled after the disclosure orders identified the large holder as a Singapore-resident founder of the protocol.

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