# Article II - v0.3.0 Draft EOS.IO Constitution - Property Rights[[1]](#footnote-1)

# Purpose

As previously discussed in the [Design Principles](https://forums.eosgo.io/discussion/424/design-principles-of-my-v0-1-draft-eos-io-constitution) of this Draft, the EOSIO Software will define a blockchain (and community) that is largely property and defined by property rights. The purpose of this article is to establish an individual and inviolable right to property, within the context of the chain's legal and arbitration process.

# Text of Article

# The rights of contract and of private property shall be inviolable, therefore no property shall change hands except with the consent of the owner or by a lawful Arbitrator’s order.

# Discussion

Contracts are the primary way property rights are exchanged on a blockchain. Property rights are a cornerstone of all modern democracies and a core value of blockchains in particular.

Article II implies several things:

* If you receive any property in an improper way, i.e. someone sells you a stolen bicycle that they themselves never legally owned and thus never had proper legal title to, then your purchase of that bicycle is null and void. When the true owner shows up, the property law requires you to give up the bicycle. You can attempt to get your money back from the thief.
* You should not buy things unless the seller can prove they own it.
* You should be careful of buying things from sellers who are sketchy, don't have strong identity, don't have insurance, aren't part of a vendor's guild that guarantees the integrity of their members, and who hasn't posted a performance bond. (A 'performance bond' is a pot of money that the vendor owns but cannot quickly withdraw -- therefore if you prevail in a judgment against that vendor, that money is available to be drawn from to pay you.)

The presence of Ricardian contracts attached to each smart contract and each transaction will go a long way to establish the intention of the parties. A typical bike-sale transaction might include provisions like "I the seller guarantee that I have full and proper title to this bike." When that statement turns out to be false, you have a very strong cause of action against the seller for fraud.

On the other hand if a provision reads "I the buyer have had ample opportunity to inspect the title of this bike and I am satisfied of its provenance, and agree to hold the seller harmless in the event of a dispute over title," then if it turned out to be stolen, a very different outcome would ensue -- you would lose the bike and face serious difficulty in pursuing a claim against the seller. (The owner of the stolen bike would still be able to make a claim against the thief, if found, and the seller might also if the seller were duped.)

# References

* [Property Rights provisions of 163 national Constitutions](https://www.constituteproject.org/search?lang=en&key=proprght&status=in_force)
* [Design Principles](https://forums.eosgo.io/discussion/424/design-principles-of-my-v0-1-draft-eos-io-constitution)

1. https://forums.eosgo.io/discussion/595/article-ii-v0-3-0-draft-eos-io-constitution-property-rights [↑](#footnote-ref-1)