

## FOR IMMEDIATE RELEASE

### **Dorsey-backed Bitcoin Legal Defense Fund Supports Developers in Craig Wright Lawsuit That Will Decide the Fate of Open Source Software**

*The Bitcoin Legal Defense Fund, a non-profit co-founded by Jack Dorsey, Alex Morcos, and Martin White, and spearheaded by Jess Jonas, is coordinating the defense of Bitcoin developers targeted in lawsuits by Craig Wright that have major potential implications for the future of Bitcoin and open source software development.*

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**NEW YORK, NY (April 25, 2023)** —The [Bitcoin Legal Defense Fund](#), a non-profit organization dedicated to supporting the legal defense of Bitcoin developers, has helped finance and organize the defense for 13 Bitcoin Core developers targeted by two lawsuits brought against them by Craig Wright. On April 26, 11 Bitcoin Core developers who are being supported by the Bitcoin Legal Defense Fund will file their substantive defence in the Tulip Trading case, which has serious potential implications for the future of Bitcoin and open source software development.

#### **BACKGROUND ON THE TULIP TRADING CASE**

The lawsuit in question, *Tulip Trading Limited v. Bitcoin Association For BSV & Others*, traces its origins to an alleged hack in February 2020 that resulted in the loss of 111,000 Bitcoin that Wright claims to own. In February 2021, Tulip Trading issued a [“Letter Before Action”](#) announcing its intention to take legal action against certain Bitcoin developers to recover the allegedly lost Bitcoins.

In early 2022, a justice in the England and Wales High Court rejected Tulip Trading’s case on the grounds that it had not “established a serious issue to be tried.” Tulip Trading appealed the lawsuit and in a surprise move in March of 2023, the UK appellate court overturned the High Court decision finding instead that Tulip raised a “serious issue” to be tried. “If the decentralised governance of bitcoin really is a myth,” the appellate judges wrote in their decision, “then in my judgment there is much to be said for the submission that bitcoin developers, while acting as developers, owe fiduciary duties to the true owners of that property.”

The appellate decision opened the door for a full trial in the Tulip Trading lawsuit, which is anticipated to occur at a to-be-determined date in 2024. On April 26, 11 Bitcoin Core developers named in the lawsuit filed their defence with support from the Bitcoin Legal Defense Fund. This marks the first time that these developers have challenged the substantive allegations made by Tulip Trading.

“We believe that these lawsuits are frivolous, but we still have to oppose them vigorously,” said Jess Jonas, the Chief Legal Officer of the Bitcoin Legal Defense Fund. “The Bitcoin Legal

Defense Fund is fighting for more than just Bitcoin—it's fighting for the right of developers to create free and open source software without fear of legal retaliation."

## **WHAT'S AT STAKE IN THE TULIP TRADING CASE**

The Tulip Trading lawsuit challenges one of the key principles of the Bitcoin network: that a user's private key is required to effect a transaction and it cannot be overwritten by a group of developers in order to benefit, and prefer, a particular individual.

Beyond Bitcoin, this lawsuit could have grave implications for open source developers everywhere. If the UK courts rule in Tulip Trading's favor it would potentially mean that open source developers become fiduciaries to users of software that they had contributed to, even in projects without any formal assumption of duty or compensation for the costs and associated risks.

This means that open source developers could be legally compelled to rescue users of their software, without knowledge of who those users are, how many there are, or where they are located— even though open source licenses expressly disclaim liability.

"The Bitcoin Legal Defense Fund fights not just for Bitcoin but for the right of open-source developers to create and freely share their code with the world for the greater good," said Alex Morcos, the co-founder of Chaincode Labs and the Bitcoin Legal Defense Fund. "The Tulip Trading case threatens not only the MIT License but also the very notion of freedom of speech. Our collective mission is to safeguard innovation by shielding developers from legal intimidation. By rallying together in their support, we are helping them build Bitcoin and ensuring the right of developers everywhere to continue innovating and driving progress."

The fact that Craig Wright's personal claims are being brought against developers of an open source project like Bitcoin is likely to have an immediate and serious dampening effect on the willingness of developers to participate in open source projects. It is critical to provide them adequate legal support to mount a strong defense.

"The Tulip Trading case highlights the fact that legal attacks on Bitcoin are actually attacks on the fundamental principles of open-source software," said Jack Dorsey, the CEO of Block and co-founder of the Bitcoin Legal Defense Fund. "The outcomes of these cases are important for everyone, even those who may not be interested in Bitcoin, because these lawsuits could have serious detrimental effects on open-source development writ large, which will negatively impact our lives in ways we may not even realize until it's too late."

In addition to the Tulip Trading case, the Bitcoin Legal Defense Fund is also supporting developers in a second lawsuit brought against Bitcoin developers by Craig Wright. In that case, *Wright, Wright International & Others v. BTC Core & Others*, Wright alleges that he is Satoshi Nakamoto (the pseudonymous creator of Bitcoin) and thus owns the copyright for the Bitcoin Whitepaper and the database rights for the Bitcoin blockchain.

Should the developers fail to defend this claim vigorously, or should Mr. Wright otherwise be successful, it would, in the eyes of the law, allow Craig Wright ultimate control over the Bitcoin network. He would be permitted to decide who uses the Bitcoin network, the terms of use for the Bitcoin network, and could also control the client software for interacting with the blockchain.

The Bitcoin Legal Defense Fund is committed to supporting Bitcoin developers and protecting the principles of free and open-source software development. The Fund urges everyone to [support this cause](#) and help safeguard innovation and progress for developers everywhere.

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## **ABOUT THE BITCOIN LEGAL DEFENSE FUND**

The Bitcoin Legal Defense Fund was founded in January 2022 by Jack Dorsey (CEO, Block), Alex Morcos (Cofounder, Chaincode Labs), and Martin White (Head of Litigation, Block), and spearheaded by Jess Jonas, to help developers in the Bitcoin ecosystem with their legal needs. The fund is a free and voluntary service for developers designed to safeguard innovation by shielding developers from legal intimidation.

For more information or to donate to the Bitcoin Legal Defense Fund please visit [bitcoindefense.org](https://bitcoindefense.org)

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