

# CyberLaw Decoded



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## Using Blockchain in the Admission of Evidence: Chinese Court Leads the Way

The attention of those interested in the use of information technology in resolving legal disputes was captured this past June by a decision from a Chinese court recognizing the use of blockchain as a reliable source of evidence. At the same time, the case shows that long standing legal principles—in this instance, confirming a chain of custody before physical evidence can be admitted—still govern even the most cutting edge technology.

On June 27, 2018, the Hangzhou Internet Court decided a copyright dispute in which it recognized blockchain technology as a means of admitting evidence. The case was filed in January 2018 by a local media company (Huatai) against a technology firm (Dautong) over copyright infringement. The dispute involved the unauthorized republication of an article originally published in a newspaper (*City Express*) describing an incident involving a mother and her four year old son at a swimming pool. City Express licensed the article for online publication to Huatai. A website owned by Dautong published the article without obtaining a license, which formed the basis for Huatai's online infringement claim.

Hangzhou is home to many internet based companies, including Alibaba, and its court is equipped with technology that allows parties to litigate a dispute entirely online. Plaintiffs can file cases and upload evidence to the court, and defendants are notified via text messages if the court accepts the case. The parties can appear by video at hearings, and according to the court's website, lawsuits can be filed in five minutes and the average court time for a case is just 25 minutes.

To prove its claim, Huatai presented screenshots of the infringing article on Dautong's website. The article's authenticity was demonstrated through a third-party evidence storage and preservation platform called Baoquan.com, which uses blockchain technology. The evidence was uploaded to the FACTOM and Bitcoin blockchains for preservation.

To confirm whether the electronic data submitted by Huatai was valid, the court first considered the qualification of the evidence preservation platform. The court found that Baoquan.com is neutral with regard to Huatai (*e.g.*, they have no common ownership) and is qualified as a third party electronic evidence platform.

Second, the court analyzed in detail the technology used by Baoquan.com to capture the infringing content, and whether the evidence could have been tampered with during the process. The platform compresses and packs screenshots and source code from targeted web pages and stores the encryption hash values of the same on the FACTOM and Bitcoin blockchains. The tools used by Baoquan.com are open to the public and the processes are completed automatically.

Through an analysis of blockchain technology, the court then confirmed that the distributed databases used in blockchain technology makes tampering with or deleting data stored on a blockchain extremely difficult. Thus, the court concluded that the source of the electronic data obtained via the system was highly reliable. In this case, the screenshots captured by Baoquan indicate that the article published without a license on Dautong's website was the exact same as Huatai's article.

The court's next step was to check the hashes stored on the FACTOM and Bitcoin blockchains. It concluded that they were numerically identical and their respective time stamps were consistent with the time the website content was capture, which confirmed that the electronic data had truly been uploaded to the blockchains. Finally, the court compared the hash values of the evidence submitted by Huatai with those on the blockchains and also concluded that they were consistent, so the electronic data had been preserved without change since being uploaded.

The case demonstrates the leading role that China has taken in the digitization of the legal system, as it has specialized courts that work entirely online and now approve the use of blockchain technology for submitting evidence in online infringement cases.

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