



IN THE HIGH COURT OF JUSTICE

QUEEN'S BENCH DIVISION

MEDIA AND COMMUNICATIONS LIST

B E T W E E N :

CRAIG WRIGHT

Claimant

- and -

PETER McCORMACK

Defendant

DEFENCE

1. References in this Defence to paragraph numbers are to the Particulars of Claim unless otherwise stated.

Parties

2. As to paragraph 1:

- 2.1 It is admitted that the Claimant is “active” within the cryptocurrency “sphere” in the sense that he has an interest in, and has a public profile as someone involved in, that sector. It is admitted that he has experience in information technology security. It is not admitted that the Claimant is a computer scientist. It is admitted and averred that in December 2015 he claimed publicly to have a PhD in computer science from Charles Sturt University (“**CSU**”), Bathurst, Australia. However, that was not true, as the university confirmed in



a public statement in December 2015 which said that the Claimant had not been awarded a PhD by CSU.

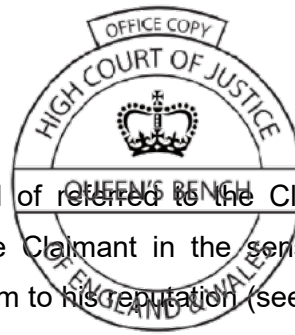
- 2.2 It is not admitted that the Claimant “runs” a number of cryptocurrency or blockchain businesses (that term being undefined and no particulars of those businesses having been provided).
 - 2.3 No admissions are made as to whether the Claimant is a businessman “based in” England and Wales (a term which is not defined) or as to any connections he claims to have to this jurisdiction. The Claimant is an Australian citizen and also has close connections to Antigua.
 - 2.4 He resided in Australia until early December 2015 when his home and office in Sydney were raided by the Australian Tax Office as part of an investigation into his tax affairs.
 - 2.5 The Claimant will be put to proof of his connection to this jurisdiction.
 - 2.6 Save as aforesaid, paragraph 1 is denied.
3. The Claimant is supported in these proceedings by Calvin Ayre, a Canadian businessman domiciled in Antigua. Mr Ayre carries on in business in online gambling. In November 2018 the Claimant and Mr Ayre established a new cryptocurrency “hard fork chain” called “Bitcoin SV” (short for “Bitcoin Satoshi Vision”), which had Mr Ayre’s financial backing. In 2012 Mr Ayre faced money laundering charges in the United States which resulted in the authorities dropping felony charges in return for his plea to a misdemeanour charge. Mr Ayre has been the public face of the Claimant’s threats to bring legal proceedings against the Defendant and others in this jurisdiction (see further below).



4. Paragraph 2 is admitted and averred. The Defendant's podcast, on his website www.whatbitcoindid.com, is one of the leading online global publications about the bitcoin and cryptocurrency sector and is listened to by many around the world with an interest in that subject including expert commentators on bitcoin and cryptocurrency.
5. Paragraph 3 is admitted and averred. In addition to using his Twitter account to tweet about news and other developments in the bitcoin and cryptocurrency sector, at all material times the Defendant used it to participate in online discussions and debates on those subjects. As with the listeners of the Defendant's podcast, the followers of his Twitter account were at all material times located all over the world.

The publications complained of

6. As to the publications complained of in paragraphs 4, 6, 8, 10, 12, 14, 16, 19, 21 and 23:
 - 6.1 It is admitted that the Defendant wrote and published the words complained of in the case of each of the ten Tweets referred to in those paragraphs on the dates pleaded (although the times are not admitted).
 - 6.2 The words complained of have been selectively chosen by the Claimant. The Defendant will rely on the whole of each Tweet complained of and the surrounding context – including the preceding and following Tweets by the Defendant and others – to put each Tweet complained of into its proper context.



6.3 It is admitted that the words complained of referred to the Claimant. It is denied that they were defamatory of the Claimant in the sense that they caused or were likely to cause serious harm to his reputation (see paragraphs 18 and 19 below).

6.4 The Tweets complained of are no longer online and accessible via the Defendant's Twitter page. They were automatically deleted in or about mid-June 2019 by software installed on the Defendant's account.

Meaning

The First Publication

7. It is denied that the words complained of in paragraph 4 bore or were understood to bear the innuendo meaning pleaded in paragraph 5. As to the innuendo particulars in paragraphs 5.1 and 5.2:

Paragraph 5.1

7.1 It is admitted and averred that the pseudonymous "Satoshi Nakamoto" is generally believed within the worldwide bitcoin and cryptocurrency community to be the individual or group of persons who originally created the bitcoin cryptocurrency.

7.2 However, whether or not it is generally believed or accepted that Satoshi Nakamoto is or may be one individual or a group of individuals is immaterial for the purposes of this claim.

7.3 This is for two reasons. First, the Claimant and others on his behalf have made repeated public statements, since at least 2015, that it is the Claimant himself who is Satoshi Nakamoto, the creator of bitcoin. To this end, in May 2016 the Claimant claimed publicly that he would prove that he was Satoshi Nakamoto by carrying out exercises using Satoshi's private cryptographic



keys. Those exercises very publicly failed, leading to the widely held and expressed view in the bitcoin and cryptocurrency community that the Claimant's continuing claim to be Satoshi Nakamoto was a sham (as set out in paragraphs 22.20 to 22.29 below). Second, if Satoshi Nakamoto is a group of individuals, the Claimant's claim to be Satoshi is a claim that he is an individual within the group who has control of the private cryptographic keys associated with the critical earliest blocks in the blockchain.

7.4 The facts in paragraph 7.3 above were, at the time of the publications complained of, generally known in the worldwide bitcoin and cryptocurrency community, including by all or at least a very large majority of those who read the ten Tweets complained of or any of them, readers of the Defendant's Tweets being persons with a special interest in and knowledge of bitcoin and cryptocurrency.

Paragraph 5.2

7.5 Accordingly, paragraph 5.2 is denied.

The Second Publication

8. It is denied that the words complained of in paragraph 6 bore or were understood to bear the innuendo meaning pleaded in paragraph 7. As to the innuendo particulars in paragraphs 7.1 to 7.4:

8.1 As to paragraph 7.1, paragraphs 7.1 to 7.3 above are repeated.

8.2 It is admitted and averred that on and prior to 10 April 2019 Mr Ayre, who is supporting the Claimant in this claim, had made it publicly known that the Claimant was intending to bring libel proceedings against individuals who had stated online that they did not believe the Claimant's claims to be Satoshi Nakamoto and considered his attempts to prove it a scam or fraudulent. Save as aforesaid paragraph 7.2 is denied.

8.3 As to paragraph 7.3, it is admitted that the photograph which featured in Mr Ayre's Tweet was of the Claimant, Mr Ayre and their solicitors and counsel engaged in these proceedings. It is admitted that the reference to "troll



hunting”, alongside the posed photograph of “legal muscle”, must have been intended by the Claimant (and Mr Ayre) to convey the impression to readers of it that the Claimant was embarking on legal proceedings against those who had made the said statements about the Claimant. It is not admitted that readers would have understood it to bear that meaning.

8.4 The facts in paragraph 8.2 above were at the time of the publications complained of generally known in the worldwide bitcoin and cryptocurrency community, including by all or at least a very large majority of those who read the Second Publication, readers of the Defendant’s Tweets being persons with a special interest in and knowledge of bitcoin and cryptocurrency.

8.5 Accordingly, in light of paragraphs 7.4 and 8.4 above, paragraph 7.4 is denied.

The Third Publication

9. It is denied that the words complained of in paragraph 8 bore or were understood to bear the innuendo meaning pleaded in paragraph 9. As to the innuendo particulars in paragraphs 9.1 and 9.2:

9.1 As to paragraph 9.1, paragraphs 7.1 to 7.3 and 8.2 above are repeated.

9.2 Accordingly, in light of paragraphs 7.4 and 8.4 above, paragraph 9.2 is denied.

The Fourth Publication

10. It is denied that the words complained of in paragraph 10 bore or were understood to bear the innuendo meaning pleaded in paragraph 11. As to the innuendo particulars in paragraphs 11.1 and 11.2:

10.1 As to paragraph 11.1, paragraphs 7.1 to 7.3 and 8.2 above are repeated.

10.2 Accordingly, in light of paragraphs 7.4 and 8.4 above, paragraph 11.2 is denied.



The Fifth Publication

11. It is denied that the words complained of in paragraph 12 bore or were understood to bear the innuendo meaning pleaded in paragraph 13. As to the innuendo particulars in paragraphs 13.1 and 13.2:

11.1 As to paragraph 13.1, paragraphs 7.1 to 7.3 and 8.2 above are repeated.

11.2 Accordingly, in light of paragraphs 7.4 and 8.4 above, paragraph 13.2 is denied.

The Sixth Publication

12. It is denied that the words complained of in paragraph 14 bore or were understood to bear the innuendo meaning pleaded in paragraph 15. As to the innuendo particulars in paragraphs 15.1 and 15.2:

12.1 As to paragraph 15.1, paragraphs 7.1 to 7.3 above are repeated.

12.2 Accordingly, in light of paragraph 7.4 above, paragraph 15.2 is denied.

The Seventh Publication

13. It is denied that the words complained of in paragraph 16 bore or were understood to bear the meaning pleaded in paragraph 17.

14. It is denied that the words complained of in paragraph 16 bore or were understood to bear the innuendo meaning pleaded in paragraph 18. As to the innuendo particulars in paragraphs 18.1 and 18.2:

14.1 As to paragraph 18.1, paragraphs 7.1 to 7.3 above are repeated.

14.2 Accordingly, in light of paragraph 7.4 above, paragraph 18.2 is denied.



The Eighth Publication

15. It is denied that the words complained of in paragraph 19 bore or were understood to bear the innuendo meaning pleaded in paragraph 20. As to the innuendo particulars in paragraphs 20.1 and 20.2:

15.1 As to paragraph 20.1, paragraphs 7.1 to 7.3 and 8.2 above are repeated.

15.2 Accordingly, in light of paragraphs 7.4 and 8.4 above, paragraph 20.2 is denied.

15.3 Paragraph 20.3 is denied: paragraph 14 above is repeated.

The Ninth Publication

16. It is denied that the words complained of in paragraph 21 bore or were understood to bear the innuendo meaning pleaded in paragraph 22. As to the innuendo particulars in paragraphs 22.1 and 22.2:

16.1 As to paragraph 22.1, paragraphs 7.1 to 7.3 above are repeated.

16.2 Accordingly, in light of paragraph 7.4 above, paragraph 22.2 is denied.

16.3 Paragraph 22.3 is denied: paragraph 14 above is repeated.

The Tenth Publication

17. It is denied that the words complained of in paragraph 23 bore or were understood to bear the innuendo meaning pleaded in paragraph 24. As to the innuendo particulars in paragraphs 24.1 and 24.2:

17.1 As to paragraph 24.1, paragraphs 7.1 to 7.3 and 8.2 above are repeated.

17.2 Accordingly, in light of paragraphs 7.4 and 8.4 above, paragraph 24.2 is denied.



Serious harm

18. It is denied that the publications complained of or any of them have caused or are likely to cause the Claimant serious harm to his reputation whether as alleged in paragraph 25 or at all. The Defendant reserves the right to apply for summary judgment or trial of a preliminary issue in relation to this issue.
- 18.1 As to paragraph 25.1, this is an entirely generic plea and is denied save that it is admitted that no retraction or apology has been published. See further paragraph 19 below.
- 18.2 As to paragraph 25.2, no admissions are made as to the numbers of readers of the publications complained of because the Tweets have been deleted and the Defendant has no record of the number of publishees. It is denied that a very substantial number of readers within this jurisdiction viewed the publications. The largest proportion of the Defendant's Twitter followers (33%) are located in the United States, whereas only 10% are located in the United Kingdom. The Defendant will say that this was also the approximate breakdown at the material times, although not all Twitter followers are active at any given time.
- 18.3 It is admitted that limited republication of the Defendant's words was reasonably foreseeable, not because of the seriousness of the allegation (which is denied), but because it is in the nature of the ephemeral way in which Twitter works that Tweets are readily retweeted or liked without any or much regard being paid to the content. The figures in paragraphs 25.3.1 to 25.3.3 in relation to alleged republishees are not admitted for the reason given in paragraph 18.2 above in relation to publishees. It is denied that the publications have been published "extraordinarily widely" in this jurisdiction: the last two sentences of the preceding paragraph are repeated.
- 18.4 It is not admitted that the Claimant can rely on the "grapevine effect" as no particulars of this are given.
19. The contention in paragraph 25.1 (which is denied), that the imputations complained of are inherently serious as a matter of obvious inference, ignores the critical



overarching context in this case, as well as the requirement that the Claimant show serious harm as a matter of actual provable fact.

- 19.1 All or at least a very large majority of the readers of the publications complained of, being people with a particular and/or specialist interest in the bitcoin and cryptocurrency sector, would have known the historic context for the Defendant's allegation that the Claimant was variously "not Satoshi" or "a fraud" or "repeatedly and fraudulently claimed to be Satoshi", namely that summarised in paragraphs 7.1 to 7.4 above. In other words, the allegation – and its basis in the Claimant's failed promises to prove he was Satoshi Nakamoto – was notorious and had been the subject since May 2016 of continuous widespread global publication within the bitcoin and cryptocurrency sector and in mainstream media, and had thereby become an inherent part of the Claimant's global public reputation. If necessary, the Defendant will refer to the mass of statements published worldwide, including in this jurisdiction, between 2016 and today which demonstrate this.
- 19.2 The Claimant has himself publicly acknowledged that, as a result of his failure to provide the promised "proof", he was and would be regarded generally as being guilty of deception. See for example his blog post dated 4 May 2016: "[Jon Matonis and Gavin Andresen] were not deceived, but I know that the world will never believe that now."
- 19.3 That this was the background was also apparent from the immediate context of the publications complained of, namely that they were in direct response to Tweets by Mr Ayre on the Claimant's behalf which threatened legal proceedings against persons who stated that they did not believe the Claimant's claims to be Satoshi Nakamoto and considered his attempts to prove it a scam or fraudulent (as the Claimant admits in paragraph 7.2, and as pleaded in paragraphs 8.2 to 8.4 above). The Defendant retweeted Mr Ayre's Tweets when he (the Defendant) responded to them and, following receipt of the letter of claim on 12 April 2019, the Defendant also tweeted a copy of that, as well as his reply. Readers could accordingly see for themselves what both sides of the prospective legal dispute were saying and put it into this context.
- 19.4 Further, the allegation that the Claimant was not Satoshi or fraudulently claimed to be so, was the direct result of the Claimant's own conduct in



publicly promising and then failing to prove he was Satoshi in and since May 2016. It could not therefore be damage to reputation about which the Claimant could complain in any event. Moreover, the Claimant's stated objective in bringing these proceedings (according to Mr Ayre on his behalf: see paragraph 20.1 below), namely to induce "a moron" to "bankrupt themselves trying to prove a negative and then letting "Craig show the proof", by itself demonstrates that the Defendant's publications did not and were not likely to cause serious harm to his reputation. For, were it otherwise, the Claimant would have "shown the proof" before now rather than allowing the allegation to be continuously recycled in the bitcoin and cryptocurrency sector since May 2016.

- 19.5 Users of Twitter understand that it is a medium in which people may be intemperate and extreme in the language they use and that what is said on Twitter is more akin to verbal banter than edited news copy. Readers of the publications complained of would therefore have regarded them, in their proper context as described above, as trivial and/or no more than yet further references to the Claimant's notorious failure to prove that he was Satoshi, notwithstanding his own promises to do so, and to accounts of and/or commentary on that failure.
- 19.6 In all these circumstances, for the claim to be actionable the Claimant would have to prove: (a) that he suffered or is likely to suffer serious harm to his reputation in this jurisdiction as a matter of actual provable fact, (b) that it was the actual impact of the Defendant's ten Tweets on those to whom the words were published in this jurisdiction specifically which caused that effect, and (c) that it was not caused by the Claimant's notorious failure to prove that he was Satoshi in May 2016, notwithstanding his own promises to do so, and/or published accounts of and/or commentary on that failure, and/or any or a combination of the mass of other publications as aforesaid, including those outside this jurisdiction.
- 19.7 It follows from all of the above that the Defendant will contend that it is inconceivable that the publications complained of caused or were likely to cause the Claimant serious harm to his reputation within this jurisdiction.



Abuse of process

20. Further or alternatively, on the following basis the claim is an abuse of process.

20.1 According to Calvin Ayre, on the Claimant's behalf, the Claimant threatened and brought these proceedings with one objective in mind. This is, as Mr Ayre and the Claimant put it, to trap the Defendant (and anyone else pursued by them) into bankrupting himself in having to "prove a negative" (that the Claimant is not Satoshi Nakamoto) so that they can then "show the proof" and win the case. Mr Ayre has made this statement or words to the like effect on several occasions. For example, in a Tweet on 16 April 2019 (four days after the letter of claim dated 12 April 2019 was sent to the Defendant and one day before these proceedings were issued):

"...judge only needs one troll to pass judgement...no need to sue everyone...just waiting for a volunteer to bankrupt themselves trying to prove a negative and then letting Craig show the proof. Who will be this moron?"

20.2 Quite apart from the fact that the Claimant (and Mr Ayre) have made and not kept this promise to "show the proof" on many occasions (thereby rendering it not credible), it would clearly be an abuse of the court's process and/or a hugely wasteful and disproportionate use of court resources if it were indeed the case that the Claimant is in a position now to provide the proof that he is Satoshi, but is declining to do so purely as part of a tactical and/or public relations game played by himself and Mr Ayre. It would also be an infringement of the Defendant's rights under Article 10 of the European Convention on Human Rights ("ECHR") and an unjust waste of the Defendant's costs and time.

20.3 In fact, it is reasonably to be inferred that the Claimant, and his supporter Mr Ayre, are seeking to use these and other proceedings in this jurisdiction as a means of stoking global publicity in relation to the Claimant's claim to be Satoshi Nakamoto with a view to encouraging interest in, and increasing the value of, Bitcoin SV. This inference is based on: (a) the fact that these proceedings were only brought shortly after the launch of Bitcoin SV (which for emphasis uses the Satoshi name in its name), notwithstanding that allegations that the Claimant is not Satoshi Nakamoto have been extensively



made since 2016, (b) the contents of Mr Ayre's Tweets of 29 March 2019 (referred to in paragraph 31 below) and 16 April 2019 (above) and (c) the fact that although the Claimant (and Mr Ayre) claim to have "proof" that the Claimant is Satoshi Nakamoto, they have declined to provide it and indicate instead that they will do so at some unspecified future date in the context of the proceedings.

20.4 In all these circumstances, the Claimant should be directed to provide forthwith the proof to which Mr Ayre is referring above and, if he does not comply, then the claim should be struck out.

Truth

21. Further or alternatively, if and in so far as the statements complained of in paragraphs 4, 6, 8, 10, 12, 14, 16, 19, 21 and 23, in their proper context, respectively bore or were understood to bear the following imputation by way of innuendo, those statements were substantially true pursuant to s.2(1) of the Defamation Act 2013:

that the Claimant's claim to be Satoshi Nakamoto (the pseudonymous person or one of the group of people who created bitcoin) was fraudulent, in that it was a lie, as demonstrated by his own failed promises to provide cryptographic proof of that claim.

PARTICULARS OF INNUENDO

21.1 Paragraphs 7.1 to 7.4 above are repeated.

21.2 In the premises, the readers of the statements complained of would have understood those statements or any of them to bear the imputation set out above.

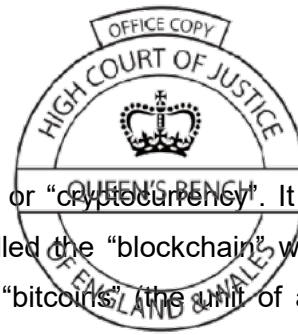
22. In the alternative, if and in so far as the statements complained of in paragraphs 4, 6, 8, 10, 12, 14, 16, 19, 21 and 23 respectively bore or were understood to bear the imputation pleaded by the Claimant in paragraph 5 – that the Claimant had



fraudulently claimed to be Satoshi Nakamoto, that is to say the person, or one of the group of people, who developed bitcoin – they are substantially true

PARTICULARS OF TRUTH

Bitcoin



- 22.1 Bitcoin is a decentralised digital currency or “cryptocurrency”. It is based on an electronic distributed public ledger called the “blockchain” which records the ownership and transfer history of all “bitcoins” (the unit of account). To prevent people from breaking the rules, such as spending the same money multiple times, all transactions are disclosed publicly.
- 22.2 To make it difficult for the transaction history of the network to be altered, the transactions are batched into “blocks”. Each block has a unique cryptographic “hash” (that is, a digital fingerprint) that is derived from its contents and each block also contains a hash of the previous block, thus forming a linked list of blocks. As each block’s hash would change if a single byte of data in the block was changed, it is not possible to change any historical data without breaking this chain of cryptographic hashes. Each block is additionally secured via “proof of work”, a mathematical challenge to which a known number of computations must be applied in order to solve it. As each block must contain a sufficient proof of work, and the hash of each block is linked to the next block, it is computationally expensive to replace a block and becomes exponentially more difficult to do so the further back in the chain you go. As a result of this process, no one has, as far as is known, successfully interfered with the history of the blockchain going back any significant distance.
- 22.3 There is no central authority which manages the blockchain. Instead it is updated to record new transactions by means of “mining”, a process performed by the computers (or “nodes”) of individual users of the network, who receive rewards for their mining activities in the form of newly created bitcoin and transaction fees.
- 22.4 In order to conduct transactions in bitcoin it is necessary to use a bitcoin “wallet”, computer software which manages the digital credentials for bitcoin holdings. Each bitcoin owner’s wallet has “private keys” which can be used to sign messages or transfer bitcoins out of the wallet. These keys must only be known by the individual owner who created the bitcoin wallet; anyone who has the keys can control the money. Each private key managed by a wallet also has a corresponding “public key” that can be used to generate a bitcoin address for receiving transactions.



22.5 Although all transactions on the blockchain are public, bitcoin funds are registered to cryptographically generated bitcoin addresses rather than to identified users. Only a person who has the private key corresponding to the bitcoin address to which a particular transaction transfers money is able to spend that value.

Satoshi Nakamoto

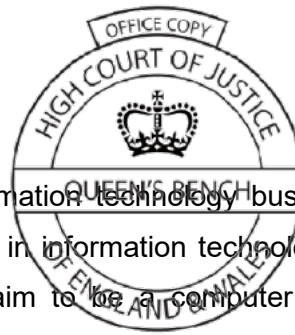
22.6 On 31 October 2008 a person pseudonymously referred to as Satoshi Nakamoto published a paper entitled "*Bitcoin: A Peer-to-Peer Electronic Cash System*" ("**the SN Paper**"). The SN Paper contained the first description of bitcoin.

22.7 On 3 January 2009 Satoshi Nakamoto mined the first block of the chain, which is known as the "genesis block" (or block #0). On 8 January 2009 Satoshi Nakamoto released the first version of the bitcoin software. It is generally believed that Satoshi Nakamoto thereafter mined a large number of bitcoin, which have been estimated as numbering approximately one million. The vast majority of these bitcoin have never been spent. On 12 January 2009 Satoshi Nakamoto completed the first bitcoin transaction by sending 10 bitcoins to Hal Finney, a computer scientist. This transaction was confirmed in block #170 and spent the bitcoins that were created in block #9.



- 22.8 In the months after publication of the SN Paper, and up to 2011, Satoshi Nakamoto developed the bitcoin software and communicated with various individuals about bitcoin and his ideas, using online communications. At no time did he identify himself or reveal any substantial personal details, other than passing references to being a very capable coder and not being a lawyer. It is not known whether Satoshi Nakamoto is an individual or a group of individuals. On 23 April 2011 Satoshi sent the last known email from an address known to be associated with him and then disappeared from public view.
- 22.9 Since it is known that Satoshi Nakamoto was the first person to conduct bitcoin transactions, it is possible to identify the address and public key used by him from the blockchain record of those transactions.
- 22.10 It follows that if, after Satoshi Nakamoto disappeared from public view, a person transferred bitcoin mined in blocks #1 to #8 (block #0 cannot be spent) by using the appropriate private key, that would provide strong and compelling evidence that that person was Satoshi Nakamoto.
- 22.11 Alternatively, a person could cryptographically sign a message as a "challenge/response" type of test with the private keys corresponding to blocks #0 to #9 to achieve a similar level of compelling evidence.
- 22.12 It would be technologically straightforward for the person who held the appropriate keys to perform either of the above exercises whereas it would be impossible for a person who did not hold the keys to do so.

The Claimant's claims to be Satoshi Nakamoto and his failure to prove it



22.13 The Claimant has been involved in information technology businesses and security consultancies. He is experienced in information technology security. He has purported to substantiate his claim to be a computer scientist by claiming to have a PhD in computer science, but this was at the time untrue: paragraph 2.1 above is repeated.

22.14 The Claimant's business affairs were investigated by the Australian Tax Office ("ATO") between 2013 and 2015. As a result, on 22 June 2015 the ATO determined that Coin-Exch Pty Ltd, a company of which the Claimant was director and controlling mind, was liable to pay tax of AUS\$3,787,429 (as a result of a false or misleading statement to the ATO as to the correct assessed net amount). In addition, the ATO imposed on Coin-Exch Pty Ltd an administrative penalty of AUS\$1,893,714.

The Claimant's agreement to being revealed as the purported Satoshi Nakamoto

22.15 In or about late June 2015 the Claimant entered into an agreement with nTrust, a money transfer company based in Canada ("**the nTrust Agreement**"). The nTrust Agreement was the result of discussions between the Claimant and nTrust's Chief Executive, Robert MacGregor, and an Australian information technology specialist, Stefan Matthews. Also involved was Calvin Ayre.

22.16 In accordance with the nTrust Agreement the Claimant sold to nTrust the rights to his purported "life story" as Satoshi Nakamoto and various intellectual property rights in consideration for the repayment of substantial debts accrued by the Claimant's businesses, including it is to be inferred the tax liabilities above, and also further funding for the Claimant to pursue new business proposals including applications for patents and research into new products.

22.17 Under the nTrust Agreement, the products and intellectual property rights which accrued in connection with these activities of the Claimant were to be held by a newly-formed subsidiary of nTrust called nCrypt (which was re-branded nChain in or about November 2016). They would be packaged and sold and/or licensed as the work of Satoshi Nakamoto (presented as the



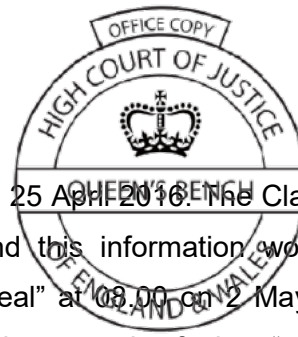
creator of bitcoin), who would for the first time be to great public fanfare - be unmasked as the Claimant, in order to raise the profile and value of nCrypt's products and/or intellectual property rights. The intention behind the nTrust Agreement was that once the big "Satoshi reveal" had happened the "Satoshi package" could be sold by nCrypt for upwards of \$1 billion. The part of the agreement which would involve monetising and unmasking the Claimant as Satoshi Nakamoto is referred to below as "**the SN Project**".

22.18 As part of the SN Project a public relations firm in London, the Outside Organisation, was used to organise and facilitate the unmasking through the media of the Claimant as Satoshi Nakamoto. This included bringing in the journalist Andrew O'Hagan to follow closely in late 2015 and the first half of 2016, and report on, the process by which ultimately the Claimant would be revealed and would provide proof that he was Satoshi Nakamoto.

22.19 To this end, in early December 2015 material which purportedly evidenced that the Claimant was Satoshi Nakamoto was leaked to media outlets specialising in technology, namely *Wired* magazine and the *Gizmodo* website. Those publications duly published articles worldwide on 8 December 2015 announcing that it seemed likely that the Claimant was Satoshi (although both publications amended their articles by 11 December 2015 to state that they no longer believed that the Claimant was Satoshi on account of flaws, including doubts as to the authenticity of documents, in the evidence originally relied on). It is reasonably to be inferred from the timing of the 8 December publications and the imprimatur which they initially gave to the claim that the Claimant was Satoshi, that the leaks to *Wired* and *Gizmodo* were made as part of the SN Project and were accordingly authorised by nTrust/nCrypt and the Claimant.

The Claimant's failed first attempt to provide purported proof that he was Satoshi Nakamoto

22.20 In furtherance of the SN Project, in April 2016 the Claimant purported for the first time to provide cryptographic proof (as in conclusive verification) for the public that he was Satoshi Nakamoto. The demonstration of the "proof" was arranged by Outside Organisation who invited selected journalists from respected news organisations (the BBC and *The Economist*) to attend the



confidential sessions in London on 24 and 25 April 2016. The Claimant would provide the “proof” to the journalists and this information would then be embargoed until the coordinated “big reveal” at 08.00 on 2 May 2016, thus ensuring that nTrust/nCrypt remained in control of the “revelation” in accordance with the SN Project. The media organisations were not informed that the demonstration was part of the SN Project, namely the plan to monetise the Satoshi Nakamoto identity.

22.21 The “proof” which the Claimant purported to provide in the sessions was use of the private key associated with the first ever bitcoin that was spent (mined in block #9, the block containing the 10 bitcoin Satoshi sent to Hal Finney in 2009, and spent in block #170) to sign a message and then verify it with the public key. On the second day of the sessions the Claimant repeated the exercise so that the BBC could film it and an interview with him about his contention that he was Satoshi. In the presence of the journalists, the Claimant purported to use a hash to attach the text of a speech by Jean-Paul Sartre to the coins mined in block #9 (“**the Sartre message**”).

22.22 At 08.00 on 2 May 2016 the embargo lifted and the BBC News website, Twitter feed and Radio 4 *Today* programme reported the Claimant’s claims to be Satoshi Nakamoto and that he had produced evidence backing this up, in reference to the above purported demonstrations in April. This was followed by a report by *The Economist* in rather more sceptical terms and asking the Claimant for better evidence. At about the same time Calvin Ayre tweeted that the Claimant was the proven Satoshi. As part of the Project’s coordinated public relations exercise, there followed huge media and industry sector interest and republication of the Claimant’s claims by reference to his demonstrated “proof”.



22.23 Also at 08.00 on 2 May 2016 the Claimant published a post on his blog hosted at www.drcraigwright.net entitled “Jean-Paul Sartre, signing and significance”. In the post, clearly intended to corroborate the media reports of his “proof”, he purported to demonstrate his control over Satoshi Nakamoto's private key by cryptographically signing the Sartre message. This gave bitcoin and cryptocurrency coders an opportunity properly to analyse the purported private key and signature.

22.24 The claim that the hash was of a Sartre speech was untrue; within hours of the “proof” being published by the Claimant it was shown to be a hash extracted from the blockchain itself, which had allowed the Claimant to re-use a known Satoshi signature that was publicly available on the blockchain. Anyone familiar with Bitcoin at a technical level could produce such a “proof.”

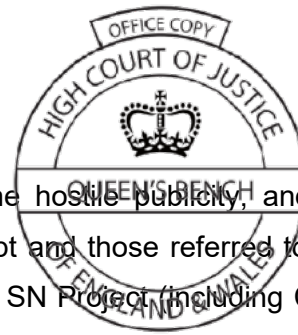
22.25 In consequence, there followed on 2 May 2016 and thereafter a torrent of worldwide published condemnation of the Claimant for having perpetrated what was described by coders and commentators as a probable “scam” and “fake” proof that the Claimant was Satoshi. The Defendant will refer to the relevant articles, blog posts and social media, including in particular those in the bitcoin and cryptography sector, which are too numerous proportionately to list here. By way of example, however, Patrick McKenzie, a cryptocurrency specialist, stated on the blog GitHub on 5 May 2016:

“Wright’s post is flimflam and hokum which stands up to a few minutes of cursory scrutiny, and demonstrates a competent sysadmin’s level of familiarity with cryptographic tools, but ultimately demonstrates no non-public information about Satoshi.”

22.26 Another cryptocurrency specialist, Dan Kaminsky, stated on his blog on the same date:

“Wright is pretending he has Satoshi’s signature on Sartre’s writing. That would mean he has the private key, and is likely to be Satoshi. What he actually has is Satoshi’s signature on parts of the public Blockchain, which of course means he doesn’t need the private key and he doesn’t need to be Satoshi. He just needs to make you think Satoshi signed something else besides the Blockchain — like Sartre. He doesn’t publish Sartre. He publishes 14% of one document. He then shows you a hash that’s supposed to summarize the entire document. This is a lie. It’s a hash extracted from the Blockchain itself.”

The Claimant’s failed second attempt to provide “extraordinary proof” that he was Satoshi Nakamoto



22.27 On 3 May 2016, as a direct result of the hostile publicity, and it is to be inferred under pressure from nTrust/nCrypt and those referred to above who had a direct interest in the success of the SN Project (including Calvin Ayre), the Claimant posted on his blog to the effect that he would be providing once-and-for-all verifiable cryptographic evidence to substantiate his claim by means of transferring early bitcoins known or strongly believed to be owned by SN. By clear implication his post acknowledged that his first “proof” had not in fact proven that he was Satoshi Nakamoto. He announced that therefore he would soon provide “extraordinary proof” that he was Satoshi by transferring bitcoin from an early block, thereby acknowledging his acceptance that this would be the single most compelling piece of evidence that he was Satoshi and the best means to provide the independent verification which the media and in particular the bitcoin and cryptography sector (as well as nTrust/nCrypt) demanded. In his post he promised:

“So, over the coming days, I will be posting a series of pieces that will lay the foundations for this extraordinary claim, which will include posting independently-verifiable documents and evidence addressing some of the false allegations that have been levelled, and transferring bitcoin from an early block...I will present what I believe to be “extraordinary proof” and ask only that it be independently validated.”

22.28 Accordingly, it was arranged with the BBC that on 4 May 2016 they would attend a final session to witness – and then report on - the Claimant proving he was Satoshi by moving the early bitcoin. The process would involve Jon Matonis, a bitcoin researcher, Gavin Andresen, a software developer, and Rory Cellan-Jones, the technology correspondent for the BBC, sending small amounts of bitcoin to the public address used in the first ever bitcoin transaction, namely Satoshi Nakamoto’s public address. The Claimant would then send the bitcoin back from that address, using the corresponding Satoshi Nakamoto private key, as only the person in possession of it could. As agreed, Mr Matonis, Mr Andresen and Mr Cellan-Jones all sent the bitcoins to the address.

22.29 However the Claimant did not send the bitcoin back and did not therefore provide the “extraordinary proof” which he had promised to demonstrate that he was Satoshi. He has never done so since, despite continuing to claim up to the present day – including in these proceedings for libel - that he is Satoshi Nakamoto. He has provided no credible reason for not doing what he promised to do, relying at the time on the entirely spurious explanation that he



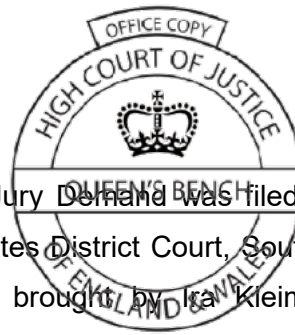
“was not strong enough” to go through with sending the bitcoin back whilst implying that he was technically able to do so if he wished. Equally, he provided no compelling reason for why the purported Sartre message was not in fact, contrary to his claim, signed with Satoshi Nakamoto's private key, excusing it merely as a “mistake”.

22.30 In all these circumstances, it is therefore reasonably to be inferred that the Claimant's failure to send the early bitcoin as promised or to sign the Sartre message with Satoshi Nakamoto's private key is because his claim to be Satoshi is a lie.

Further matters on which the Defendant will if necessary rely

22.31 In further support of the above inference the Defendant will rely if necessary on the following additional facts and matters.

The Florida proceedings



22.32 On 14 February 2018 a Complaint and Jury Demand was filed against the Claimant in proceedings in the United States District Court, Southern District of Florida (“**the Florida Proceedings**”) brought by Iga Kleiman (as the personal representative of his brother, David Kleiman, now deceased) and W&K Info Defense Research, LLC, a company in which it is said that the Claimant and David Kleiman had an interest (“**the Plaintiffs**”). The claim, which is ongoing, concerns the rightful ownership of hundreds of thousands of bitcoin, whose total value exceeded US\$11 billion at the time of the claim. The Plaintiffs allege that, having worked with David Kleiman during the latter’s lifetime, after Mr Kleiman’s death the Claimant stole the bitcoin and related intellectual property assets from the Plaintiffs by forging documents, including contracts. In the claim, the Claimant disputes this, alleging that he and David Kleiman created bitcoin together and they together mined large amounts of early bitcoin which were later transferred into a blind trust, the Tulip Trust, to which the Claimant claims he will not have access until 1 January 2020. The Claimant claims in the Florida Proceedings that he alone is Satoshi Nakamoto.

22.33 One issue which has arisen in the Florida Proceedings is the Claimant’s failure, in breach of orders of the court dated 14 March 2019 and 14 June 2019, to produce on discovery a list of all his bitcoin public keys or addresses which he held as at 31 December 2013, as a way of evidencing his ownership of the bitcoin in issue. The Claimant has stated in evidence in the case that he is unable to provide the list of public keys for his bitcoin mined after the first 70 blocks because that information is held in the Tulip Trust.

22.34 The Defendant will say that the Claimant’s said explanation is not only in itself not credible (because he would have needed the public keys to mine the bitcoin), but fatally undermines his promises in May 2016 that, as Satoshi Nakamoto, he could and would transfer the early bitcoin. The Claimant could not have transferred the bitcoin in May 2016, as promised, if he in fact did not have the public or private keys, as he now claims in the Florida Proceedings. Put another way, if it is true that the Claimant does not have control over his public keys, it would be reasonably expected that he would have relied on that explanation in May 2016 instead of promising and then failing to provide the “extraordinary proof” on the self-evidently spurious basis that he lacked courage or that his failure to sign the Sartre message was a “mistake”.



22.35 The Claimant's claim to be Satoshi Nakamoto is further undermined by the following matter which arose in the Florida Proceedings. When a list of the bitcoin addresses which the Claimant alleged he owned was unsealed as part of the discovery process, it turned out this was merely a list of the first 70 coinbase transactions (excluding the genesis block) which any person could ascertain from the public blockchain. It did not prove the Claimant's ownership of those bitcoin and is accordingly another example of a failure to establish, as he claimed, that he is Satoshi. Moreover, a different list of addresses (associated with the Tulip Trust which was disclosed by the Claimant during the discovery process as intended evidence of his ownership of the bitcoin in issue) were demonstrably owned by other entities and persons and not the Claimant (nor Satoshi).

The different locations in which Satoshi Nakamoto and the Claimant were situated

22.36 The public timestamps on over 100 blog posts written by the Claimant between 2009 and 2010 show that he was generally inactive between 1pm and 6pm GMT. By contrast, the public timestamps on over 800 emails, forum posts and code commits written by Satoshi Nakamoto during the same period demonstrate that he was generally inactive between 7am and 12noon GMT. As such, on the assumption that both were inactive at night-time, the Claimant's sleep schedule was consistent with someone living in the Australia time zone, while Satoshi's sleep schedule was consistent with someone living in the Americas. It is reasonably to be inferred from this that the Claimant and Satoshi are two different people.

22.37 Similarly, in January 2009 Satoshi Nakamoto used an internet service provider called Covad Communications, Van Nuys, California, which therefore located him to the California area in that period. By contrast, in an article published on medium.com on 6 April 2019 the Claimant said that in January 2009 he was at, and in the vicinity of, a ranch he owned in Bagnoo, New South Wales, Australia.

Further instances of the Claimant claiming to be Satoshi Nakamoto



22.38 In an interview with GQ magazine on 30 June 2017 the Claimant, whilst claiming to be Satoshi Nakamoto, said, "I haven't moved [any bitcoin]. I have sent them to Hal Finney and Zooko and that was it. Full stop." This statement by itself strongly indicates that the Claimant is not Satoshi Nakamoto. If he were, then he would have remembered and stated in the interview that in 2009 he had also moved bitcoin to Mike Hearn, at that time a Google technician. The real Satoshi Nakamoto moved 82.51 bitcoin to Mr Hearn on 18 April 2009 (50 bitcoin of his own plus 32.51 bitcoin he was returning to Mr Hearn).

22.39 On 10 February 2019, during the course of the Florida proceedings and as part of his claim to be Satoshi Nakamoto, the Claimant claimed in a Tweet that he had submitted a research paper to the Australian government as early as 2001 which contained the same abstract as the SN Paper of 31 October 2008, thereby implying that the Claimant's draft paper could only be the work of the real Satoshi. The Claimant's paper was entitled Project "Blacknet". Satoshi had already shared a draft of the SN Paper in August 2008 (which has since become publicly available) but it had contained sections which had been subsequently corrected and deleted in the final published SN Paper. However, the Claimant's Project "Blacknet" paper (purportedly created by him in 2001), matched the final SN Paper, not the August 2008 draft, in that it contained all of the corrections to the August 2008 draft later found in the final SN Paper; in other words, corrections that would not have been made until seven years after the Claimant's Project "Blacknet" paper of 2001. In these circumstances, it is reasonably to be inferred that the Project "Blacknet" paper was a backdated attempt by the Claimant intended to make it look as if he was the author of the SN Paper and thereby Satoshi Nakamoto.

22.40 The Claimant has continued to claim that he is Satoshi Nakamoto and, with Calvin Ayre, to attempt to monetise the purported connection, despite the fact that following the events in May 2016 referred to above that connection is wholly discredited and, as the Defendant contends, the claim is a lie. The Defendant relies on the examples below.

22.41 The Claimant has filed numerous patents in several jurisdictions relating to bitcoin and blockchain technology, in the name of various corporate entities



including EITC Holdings (of which Mr Matthews and Mr MacGregor were directors), NCIP Holdings and nChain Holdings (previously nCrypt). The Claimant's work in connection with this technology and these patents has been funded in part or full and/or otherwise supported by Mr Ayre. It is reasonably to be inferred that the Claimant continues to maintain his claim to be Satoshi Nakamoto in part in order to inflate the value of the intellectual property associated with these patents since the patents would be more interesting to potential investors if filed by "the man behind Satoshi".

22.42 Since starting up Bitcoin SV in November 2018, the Claimant and Mr Ayre have sought aggressively to promote Bitcoin SV, including by trading on the Claimant's purported identity as Satoshi Nakamoto and, it is reasonably to be inferred, as a way of adding credibility to the new Bitcoin SV product.

22.43 On 11 April 2019 the Claimant filed a registration with the United States Copyright Office for the copyright in the SN Paper and the code which provided the original basis for bitcoin. A spokesman for the Claimant told the *Financial Times* that this was "the first government agency recognition of Craig Wright as Satoshi Nakamoto, the creator of Bitcoin". However, this was not true, as was confirmed by the United States Copyright Office when it issued a press release clarifying that "the Copyright Office does not investigate whether there is a provable connection between the claimant and the pseudonymous author."

Publication on a matter of public interest

23. Further or alternatively, the statements complained of were or formed part of statements on a matter of public interest and the Defendant reasonably believed that publishing the statements complained of was in the public interest pursuant to s.4 of the Defamation Act 2013.

The public interest

24. The words complained of in the ten Tweets were on a matter of public interest, namely the widely held belief in the bitcoin and cryptocurrency sphere that the Claimant's claim to be Satoshi Nakamoto, the creator of bitcoin, was a lie and the



Claimant's threat to use legal proceedings to shut down legitimate continuing discussion of and/or commentary on that topic.

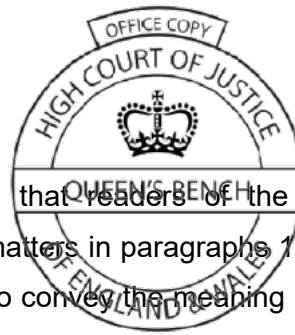
The Defendant's belief that it was in the public interest to publish

25. Paragraphs 4 and 5 above are repeated. At all material times the Defendant was exercising his right to freedom of expression, specifically as a journalist with a particular interest in the bitcoin and cryptocurrency sector.
26. At the time of the publications complained of the Defendant, and all or a very large majority of the followers of his Twitter account, knew the facts and matters referred to in paragraph 19.1 above as to the Claimant's notorious failed promises in May 2016 and since to provide proof that he was, as he claimed, Satoshi Nakamoto.
27. In common with other such bitcoin and cryptocurrency commentators, the Defendant and his Twitter followers used Twitter (among other social media platforms) to discuss the controversy of the Claimant's unproven claim to be Satoshi and the conclusion of a great many of them, including the Defendant, that the Claimant's failure to make good on his promises to provide proof, and his spurious explanations as to why he did not, indicated that it must be a fraudulent claim.
28. The Defendant and all or a very large majority of the followers of his Twitter account also were aware at the time of the publications complained of that the Claimant himself and Mr Ayre had engaged in the debate from time to time about his failure to provide the promised proof, both by denying it and continuing to make the claim. The Defendant and his said Twitter followers also believed that the Claimant and Mr Ayre had sought to publicise their Bitcoin SV venture, and thereby seek to promote interest in it, by repeating the claim that the Claimant was Satoshi Nakamoto.
29. From in or about February 2019 through to April 2019 the Defendant was also aware from court reports that the Claimant had declined to produce the public keys for the bitcoin which he claimed to own and which were the subject of the legal claim by Ira



Kleiman against him in the Florida Proceedings. He believed that this was further confirmation that his claim to be Satoshi Nakamoto was a lie, because he believed that the real Satoshi would undoubtedly have held those keys.

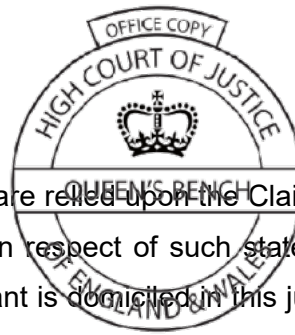
30. In about late March 2019 and April 2019 the Defendant and his Twitter followers became aware of the facts and matters referred to in paragraph 19.3 above as to the public threats on the Claimant's behalf to bring legal proceedings against individuals including the Defendant and other bitcoin and cryptocurrency commentators.
31. In these circumstances, when Calvin Ayre (on the Claimant's behalf) publicly announced on or about 29 March 2019 that they would be taking legal action in England to silence the Norwegian blogger known as "Hodlonaut", who had been accusing the Claimant of being a fraud in claiming to be Satoshi Nakamoto, even though the Claimant was still not offering the proof he had promised, the Defendant believed he was justified and it was in the public interest to respond in strong terms to defend his right and the right of bitcoin and cryptocurrency commentators, and specifically Hodlonaut, to reiterate what they believed and had been publishing ever since the Claimant's failure to provide the promised proof in May 2016, namely that, based on the Claimant's own conduct, he was "not Satoshi", was "a fraud" and had "repeatedly and fraudulently claimed to be Satoshi". The Defendant believed that this was particularly the case in circumstances where the Claimant was seeking to obtain investment in and publicity for his Bitcoin SV venture by relying on his purported identity as Satoshi Nakamoto.
32. Each of the Defendant's Tweets complained of, from the first response as aforesaid on 29 March 2019, was a response to a goading or bullying public Tweet from Mr Ayre on the Claimant's behalf (the Second, Third, Fourth, Eighth and Ninth and Tenth Publications) – and/or a response to the Defendant having on 12 April 2019 received his own letter of claim (the Fifth, Sixth, Seventh, Eighth, Ninth and Tenth Publications).
33. In all these circumstances, the Defendant's words complained of both contributed to a debate of general and worldwide interest and also defended the right of bitcoin and cryptocurrency commentators, including the Defendant himself, to continue participating in that debate in the face of a bullying and apparently strategic public threat of legal proceedings for libel.



34. At the material times, the Defendant believed that readers of the ten Tweets complained of would have known the facts and matters in paragraphs 19.1 and 19.3 above and understood the words complained of to convey the meaning in paragraph 21 above. The Defendant intended to convey that meaning.
35. The Defendant did not seek the Claimant's response before tweeting the words complained of because (a) the Claimant's response to the allegation that his claim to be Satoshi was a lie was well known as he had published it on many occasions: he persisted in claiming that he was but without providing the promised proof, including in Calvin Ayre's recent legal threats; and (b) it was clear to readers from the context of the Tweets complained of that the Claimant continued to make this claim. Further the Defendant tweeted a copy of the Claimant's letter of claim, which set out this position, once it was received on 12 April 2019. The Defendant also believed that the Claimant would choose not to engage with him on the question of whether he was Satoshi because this was the stance adopted by the Claimant when the Defendant interviewed him on the Defendant's podcast in April 2018.
36. In all these circumstances the Defendant believed it was in the public interest to publish the statements complained of and will contend that it was reasonable so to believe.

Claimed remedies

37. It is denied that the Claimant has suffered distress or embarrassment as a consequence of the Defendant's publications whether as alleged in paragraph 26 or at all.
- 37.1 As to paragraph 26.1, paragraphs 18.1 to 18.3 and 19 above are repeated.
- 37.2 Paragraph 26.2 is denied. The proceedings are a cynical abuse of process: paragraph 20 above is repeated.
38. As to paragraph 27, it is denied that the Claimant has suffered any damage in this jurisdiction as a result of the Defendant's publications: paragraphs 18 and 19 above are repeated. It is denied that the Claimant is entitled to claim in respect of any damage alleged to have been suffered "throughout the EU", for without proper



particularisation of which European Union states are relied upon the Claimant cannot in any event demonstrate any actionable claim in respect of such state(s). Without prejudice to this, it is not admitted that the Claimant is domiciled in this jurisdiction or that this is where the centre of his interests lies: paragraphs 2.3 to 2.5 above are repeated. It is admitted that the Defendant is domiciled in this jurisdiction.

39. If necessary the Defendant will rely in mitigation of damages on:

39.1 Such of the facts and matters pleaded in paragraph 22 above as are proven at trial.

39.2 The Claimant's failure to provide the promised proof that he is Satoshi Nakamoto, despite his claim readily to be able to do so, as repeated for example in the Tweet by Calvin Ayre referred to in paragraph 20.1 above.

39.3 The Claimant's claims or threatened claims for damages against others in respect of publication of words to the same effect as in this action, pursuant to s.12 of the Defamation Act 1952.

40. In light of paragraphs 18 to 36 above the Claimant is not entitled to an injunction which would be a disproportionate interference with the Defendant's right of freedom of expression under Article 10 ECHR.

CATRIN EVANS QC
BEN SILVERSTONE

STATEMENT OF TRUTH

The Defendant believes that the facts set out in this Defence are true.

Signed:

Name: Rupert Cowper-Coles

Position: Senior Associate, RPC
Solicitor for the Defendant



Served this 8th day of August 2019