SpaceChain Ethfinex badge appeal

Ruling process of juror: 0x82a8439BA037f88bC73c4CCF55292e158A67f125

Summary:

This is a particularly difficult appeal to arbitrate, and required significant time to review the provided evidence on both sides. In addition to this I independently reviewed the SpaceChain github and several other websites, and drew on conversations I had with Jeff Garzik when by coincidence I met him as well as several other members of the SpaceChain team at Consensus 2018 in New York and first learned a little about the project.

Due to the many complexities in reaching a decision, and the size of my stake in the results of this case, I provide a summary of my rationale so far for other jurors.

I also would like to suggest to this court that if this case is eventually ruled in favour of SpaceChain, that SpaceChain should offer to set a precedent in covering all challenging fees due to the ambiguous, incomplete, and therefore misleading nature of some of its public documentation. The challenger(s) clearly acted in good faith in presenting their evidence to the court and appeared to have reasonable grounds (potentially this covering of fees enforced via smart contract). This action would also provide further evidence for their team's moral character, which is questioned by the challenger. This would make the grounds for a second appeal extremely hard to justify.

Grounds for Challenge:

The initial challenge to the badge was broad and presented 5 significant areas of challenge against the listing requirements.
I summarise them below:

1. (2.1) Dishonesty in public claims made by SpaceChain
2. (2.2) – Insufficient technical/blockchain knowledge within the leadership and/or leadership
3. (3.1) – Evidence of novel technology in development
4. (3.2) – Unclear utility of the token
5. (5.3) – Insufficient effort towards transparency about token supply and ownership distribution (potentially changed during appeal)

Orange: This juror believes evidence for challenge point to be weak.

Red: Challenge point required detailed analysis and investigation.

This Juror's Analysis:

Having read the challenges and evidence, the points that gave the most concern to rule on and verify was 2.1 and 3.1 – relating to dishonesty in claims that have been made, and whether there is sufficient evidence of novel technology in development.

I will focus my analysis on these points, but will first address each of the other claims, which I considered weaker, and explain why I find each of these to be insufficient grounds for a challenge.

Weaker Challenges:

2.2 – Insufficient technical/blockchain knowledge within the leadership and/or leadership

The challenger has now waived this claim, as they consider it the weakest, and this juror agrees, particularly having met Jeff Garzik who was siting at an event alongside the SpaceChain team and speaking about the project. In all likelihood it would not be expected that he is involved day-to-day writing code for the project, but as a member of the team and alongside other advisors listed I believe there is not strong enough evidence for a challenge on this dimension of the project.

3.2 – Unclear utility of the token

The main purpose of SPC is described as a means of payment. I think it would also be reasonable to give benefit of doubt given that this is still an early stage of the project, and as is the case with almost all tokens, significant utility is not going to emerge until later on. There may well be scope for multiple forms for this to take. Whilst this is not necessarily a well-designed (or in this Juror's personal opinion, a compelling economic case to purchase the tokens), there are many tokens in the crypto-currency ecosystem with similar pass-through payment models. The SpaceChain team seems to believe rightly or wrongly that they will build some sort of network effect from creating a payment token for the space industry.

Whilst the economic case for the token to grow in value is very unclear, it is evident that the hardware and software on which applications can run on satellites represent highly valuable and time limited resources, and so reserving part of this by paying in SPC is a viable utility for the token (despite the argument that it could be equally achieved with fiat/stablecoins).

5.3 – Insufficient effort towards transparency about token supply and ownership distribution (potentially changed during appeal)

Information was in fact available online, but not possible to find on the SpaceChain website or blog. It appears that over the last year the team have been very willing to provide this information, and have done so in Telegram and other channels when asked, indicating willingness to be transparent, but have not published anywhere official, with the most permanent example being Bitcointalk. SpaceChain has now rectified this, but the challenger had a valid concern at time of challenge.
A hard-line on this would suggest that now that although the information is published onto their website, SpaceChain should still lose this dispute and reapply for the badge.

Stronger challenges:

2.1 – Dishonesty in public claims made by SpaceChain

Summary of argument:

"5.6 million lines of code on our Github" is clearly a ridiculous marketing claim. Most of the open source code on their Github is simply forked from other projects. There are two additional examples of exaggeration, essentially claiming to have already built the system they intend to build.

Summary of rebuttal:

The phrase: "5.6 million lines of code on our Github" is technically true, although it includes open-source code from other projects, whereas the SpaceChain code is significantly smaller and mainly closed source. The challenge on this point however is not as to whether SpaceChain has sufficient open source-code, but whether they are deliberately dishonest to mislead token holders or buyers. SpaceChain acknowledge the ambiguity, which appears not to have been intentionally part of a larger strategy to mislead token holders.

This Juror's conclusion:

The presented evidence is not sufficient to show a clear pattern of purposefully misleading and dishonest claims.

In coming to this decision I also include:

1. The consideration that SpaceChain's team are predominantly Chinese speaking, and that this also potentially impacts their use of language in English versions of old whitepapers (whether due to having used imprecise language themselves, or making it harder for the team to review for accuracy).
2. The team's quick acknowledgment of these issues and the potentially misleading nature in their provided evidence. I believe this acknowledgement also implies honest character and makes it very likely that this was a case of someone on the marketing team getting carried away (and likely not having the knowledge to distinguish between nice large numbers to add to the website vs. genuinely useful ways of evaluating open source code development).

3.1 – Evidence of novel technology in development

Summary of argument:

SpaceChain attempts to satisfy the proof that they are developing novel technology through their launch of two satellites hosting their operating system. This could be challenged as to whether a) their operating system is sufficiently novel, or b) whether two nodes are enough to make a network (and demonstrate whether the technology actually works, which is the purpose of such a beta product).

It has not been possible to get any concrete information about what these two satellites can currently do and what telemetry data is being collected, and evidence that the OS is developed and functioning is therefore hard to evaluate.

Summary of rebuttal:

Work in Progress

This Juror's conclusion:

Work in Progress

If anyone is able to point me towards information or evidence showing what the nodes are currently doing, please do so. For example there is no real information on this at https://spacechain.com/updates/

One press release states:

"The payload was a small satellite carrying SpaceChain OS - a smart operating system that performs blockchain-related functions on the Qtum blockchain network. The launch is aimed at testing the in-orbit functionality of the hardware and software, including the technical validation of blockchain-based encrypted data transmission in space."

If this is indeed the aim (simply to make sure the hardware and software function) then this seems like it could be achieved through the current beta product. "Technical validation of blockchain-based encrypted data transmission in space" does not mean anything to me, (as someone with an Engineering background) and so more clarity and investigation is still needed.

TBC.