

“Arbitration in Cryptocurrency and Forum Shopping”

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ABSTRACT

Blockchain technology alongside the decentralized structure of transactions can pose a threat to the conventions of the network in the digital economy making cryptocurrency arbitrations a necessary tool to contest disputable cases in this space. A good thing about arbitration is that it is secret, flexible, and technical experts are involved. However, forum shopping is more commonplace now that arbitration in this industry has become more popular. Parties will take advantage of the regulatory discrepancies and jurisdictional uncertainties associated with cross-border digital transactions in order to obtain procedural and substantive benefits, and intentionally choose arbitration venues and jurisdictions to do so. The focus of this study is on the intricacies of bitcoin arbitration and forum shopping. It examines the reasons for forum shopping, in this case, decentralization, grey area on jurisdiction and multiple opportunities for regulatory arbitrage. The paper also considers the problems of executing arbitral judgments involving cryptocurrency in the light of international mechanisms, such as the UNCITRAL Model Law and the New York Convention. The article identifies common patterns and institutional preferences of bitcoin arbitration through an analysis of notable cases and emerging blockchain based arbitration platforms. The article proposes using standardized arbitration norms in conjunction with international cooperation in order to combat forum shopping. To make the ever-changing crypto economy have fair, consistent and enforceable dispute resolution, blockchain specific factors must be combined with conventional arbitration procedures.

Key Words: *Adaptation, Decentralization, Flexibility, Confidentiality, Innovation, Jurisdiction, Enforcement, Efficiency, Strategy, Integration etc.*

Introduction

Incorporating new technologies such as cryptocurrency and blockchain threatens the foundation of dispute resolution but in a unique way. The transactions and interactions between the entities in the cryptocurrency set peaks at the nature of being decentralized and so perhaps transcends traditional jurisdictional boundaries and even complicates the application of standard legal remedies². Since Blockchain, which is the underlying cypher of cryptocurrency, uses distributed ledgers that are transparent and secure at the same time but ambiguous about who is authorized as well as obscure, there has been difficulty enforcement of these regulations. Within this evolving frame, arbitration becomes a suitable and adaptive mechanism as arbitrators are able to prescribe procedure, to overcome jurisdictions without reference to locale.

Several features that are unique to digital assets, such as technical complexity, privacy concerns, and fast changing markets, are the drivers of growth of arbitration in the cryptocurrency realm. As opposed to traditional litigation, arbitration offers experts, streamlined processes and confidentiality, which makes it very attractive stakeholder of the crypto economy. The adaptive quality of this particular type of institution has subsequently enabled the development of further customized arbitral institutions and ad hoc arbitration mechanisms geared specifically at the field of crypto disputes, responding to the markets and the technological evolution³.

Nevertheless, the increased use of arbitration in cryptocurrency matters has also resulted in an increased phenomenon of forum shopping. As jurisdictions are ambiguous, and regulatory frameworks are uneven around the world, cryptocurrency arbitration is marked by really apparent forum shopping, understood traditionally as choosing arbitral institutions and/or jurisdictions strategically taking into account a party's interests⁴. The inconsistencies in regulatory oversight, arbitration rules, the likelihood of enforcement, and legal predictability are exploited by the parties to serve their strategic interests and are located in forums that provide a strategic advantage to the party involved. On account of the heavily decentralized nature of cryptocurrency and blockchain operations, jurisdictions become a factor and complicating factors in determining this practice, applicable laws and the enforceability of arbitral awards in this context are further muddled.

The purpose of this research paper is to explore the intricacies in arbitration and forum shopping in cases of cryptocurrency disputes and the strategic arbitrage that determines parties' arbitral forum preferences. More specifically, the study seeks to identify factors that are likely to drive forum shopping and these include decentralization, jurisdictional uncertainty, regulatory arbitrage opportunities, and what is perhaps the most intangible and complex, ethical considerations in the context of such defensive manoeuvring. What it further seeks to do is to parse out the legal intricacies associated with arbitrating crypto, by analysing international arbitration instruments, such as the New York Convention and UNCITRAL Model Law, with their particular regimen for recognition and enforcement, to see what makes crypto dry eye⁵.

In particular, the paper is organized systematically starting with the examination of arbitration as an optimal mechanism for disputes resolution for the case of cryptocurrencies, before carrying out an elaborate theoretical and empirical analysis of forum shopping dynamics. The rest of the sections go on to study the jurisdictional and technological challenges that arise at the junction of arbitration and blockchain technology. The paper also provides detailed case studies to support its analysis with practical implications of forum shopping behaviours. The research also provides pragmatic recommendations regarding forum shopping practices and proposes regulatory frameworks to harmonize global arbitration strategies in the crypto economy. In general, this study attempts to offer a whole, integrative, and forward-looking assessment that meaningfully advances scholarly and practical knowledge of cryptocurrency arbitration and forum shopping.

Arbitration as a Preferred Mode of Cryptocurrency Dispute Resolution

With such unique attributes, issues regarding cryptocurrency disputes have their own unique challenges. Similar to any other cryptocurrency, blockchains as a system operate on a technology known as blockchain that creates a layer of anonymization, immutability, and elevated transaction speed while complicating built-in dispute resolution avenues⁶. The transactions take place across jurisdictions and involve pseudonymous entities, which questions the applicable law, jurisdiction and evidence gathering and enforcement of judgment. Furthermore, since cryptocurrency technology is complex and novel, normal courts may not possess the appropriate technical understanding to make an appropriate assessment on cryptocurrency relations. In this context, the use of arbitration as an effective, adaptive, and specialized method for dispute resolution of cryptocurrency conflicts is appropriate⁷.

There are many comparative advantages of arbitration over traditional litigation that makes it a favoured choice in the cryptocurrency industry. Confidentiality is a very important benefit as parties on a cryptocurrency transaction want to keep it private due to the nature of their transactions and proprietary technology. This private nature of arbitration minimizes reputational risks and protects proprietary technological insights that the disputing parties would not wish to be made public⁸. Third, arbitration is a flexible procedural tool in that arbitration rules are designed to adapt to technological and commercial needs of a dispute. It has significantly different adaptability from traditional litigation's rigid procedural frameworks, which move at a slow speed, and brings about quicker resolutions needed in the quick moving market of cryptocurrencies.

Furthermore, parties are free by arbitration to appoint an arbitrator with specific technical expertise and knowledge of their industry, something that, on the other hand, could be lacking in traditional judicial forums. A knowledge of the intricacies of blockchain technology, any cryptocurrency markets, and related security protocols is common in such expert arbitrators who are aware of what they are adjudicating. It allows for the special insight into avoid common and costly misunderstandings of complex technical evidence and improve the accuracy and legitimacy of arbitral decisions⁹.

The increasing popularity of the cryptocurrency disputes has resulted in a rise of the special arbitral institutions and innovative ad hoc arbitration platforms that focus on cryptocurrency and blockchain disputes only. Proactive response to the special needs of the crypto industry has been made by renowned arbitration institutions, such as Arbitration Court of Blockchain (ACB), Blockchain Arbitration Forum (BAF), and Digital Dispute Resolution Rules created by the leading global institutions like ICC¹⁰. However, these institutions provide tailor made arbitration rules that are appropriate for Blockchain technology by providing expedited proceedings, virtual hearings and particular guidelines for the digitized evidence. In addition, ad hoc arbitration arrangements often utilize blockchain based platforms to automate procedural aspects via smart contract, which is an innovative use of blockchain technology to integrate blockchain technology directly into arbitration procedures.

The successful cryptocurrency arbitrations also demonstrate that arbitration is a good method of dispute resolution. For instance, the landmark “Crypto Asset Arbitration”, administered under the Swiss Arbitration Centre by its arbitrators precisely managed through the misapprehension of ambiguity of jurisdiction, regulatory compliance and treatment of blockchain evidence as admissible in arbitral award stage¹¹. A second notable example was cases of dispute under the Blockchain Arbitration Society, where the parties succeeded to resolve massive financial claims on cross border cryptocurrency transactions, bringing back to life the practical use of arbitration in reaching on time and fair results.

In addition, arbitration is also useful in cases involving disputes related to decentralized finance (DeFi). A recent arbitration by the London Court of International Arbitration (LCIA) that resolved a complicated dispute between a decentralized autonomous organization (DAO) and its investors resolved issues that are novel with respect to the contractual interpretation of smart contracts¹². Together, these cases present arbitration as a service that can quickly and readily adapt and respond in handling sophisticated crypto-related disputes due to the role of the arbitration in providing adequate legal and technologically driven resolutions.

Forum Shopping in Cryptocurrency Arbitration: Concept and Dynamics

Forum shopping is the choice by disputing parties of a jurisdiction or arbitration venue believed to offer procedural or substantive advantages in their favour. Forum shopping has always been prudent among parties trying to optimize outcomes in international litigation, as global commerce increased. The phenomenon was initially associated primarily with litigation, but as the cross-border transactions increased, parties started engaging with jurisdictional advantages provided by different arbitral seats, which resulted in the transition of the phenomenon into arbitration settings¹³. Forum shopping in the modern day has taken on a much more sophisticated form, as globalization, regulatory diversity, and more nuanced interpretations of international arbitration laws have allowed for it to develop. Forum shopping in cryptocurrency arbitration is of particular importance due to the fact that there are unique regulatory ambiguities, decentralized structures, and the inherently transnational nature of blockchain technology.

The reasons for forum shopping behaviours in cryptocurrency arbitration are intensified. Firstly, parties take advantage of jurisdictional discrepancy and regulatory uncertainty among the respective legal systems. Different countries implement different approaches towards cryptocurrency regulation with some having openly liberal regulations with some benefits and clarifications such as Switzerland, Malta, and Singapore, while others display restrictive, ambiguous, or even hostile one¹⁴. This discrepancy is therefore a reason for cryptocurrency stakeholders to strategically choose arbitral forums located in jurisdictions that will provide clarity, predictability and sympathetic interpretation of disputes involving cryptocurrencies. Furthermore, variations in the enforcement of awards under international arbitration instruments such as the New York Convention tend to reinforce such tendencies of forum shopping: parties anticipate awards to be deemed enforceable in particular jurisdictions¹⁵.

The decentralization characteristic of blockchain technology adds another level of complexity to jurisdictional clarity and, consequently, to forum shopping dynamics. Over the past 10 years there has been a growing interest around the world in the use of cryptocurrency networks which are not subject to centralized oversight and therefore transcended traditional jurisdictional borders and led to considerable legal uncertainty regarding what particular substantive and procedural laws regulate the use of such networks¹⁶. This jurisdictional ambiguity is strategically exploited by the parties confronted with disputes to choose forums assessed as advantageous in terms of legal framework, especially jurisdictions that are characterized by predictability of legal rules, or whose jurisdiction is well known for arbitration special intervention in the regulation of mining, exchanges or DAOs. The practical enforcement challenges of cryptocurrency transactions are a result of being ubiquitous and of its decentralized and pseudonymous nature, making parties attract to jurisdictions that provide effective judicial support mechanisms for compelling compliance with arbitral awards¹⁷.

Forum shopping in cryptocurrency arbitration is also greatly served by regulatory arbitrage – the practice of capitalizing from divergent regulatory standards across jurisdictions. Regulatory arbitrage in intentional placement of the forum for dispute resolution in jurisdictions that provide the most beneficial (as for instance with respect to taxation, compliance, confidentiality and in relation to the protection against the seizure of the asset) regulatory regime. In the cases of large amounts of assets, complex blockchain technology problems, or confidentiality related to sensitive business information, this tactic of tactical manoeuvring achieves new relevance. As such, regulatory arbitrage results in forum selection becoming a strategic competitive advantage, and profoundly changes the landscape of arbitration in cryptocurrency disputes¹⁸.

While forum shopping is a strategically advantageous phenomenon, it raises serious ethical as well as legal implications. Forum shopping may be ethically unfair, unbalanced or manipulated in arbitration proceedings. It is argued to be contrary to the impartiality and neutrality that is the basis of arbitration, by encouraging manipulative behaviours to avoid unfavourable legal provisions or procedural fairness¹⁹. Strategic forum selection violates the legitimacy of the principle of predictability of arbitration and creates jurisdictional conflict, inconsistent juridical law, unpredictable arbitral outcome, and arbitral infirmity that undermine the reliability and coherence of

arbitration as a dispute resolution method. Additionally, aggressive forum shopping can also make you a bad target of regulatory scrutiny or sanctions, ruining your reputation and credibility in the circle of cryptocurrency.

As these concerns reflect the urgency in obtaining harmonized international regulatory frameworks with regard to cryptocurrency arbitration, it becomes evident that these are ethical and legal concerns. Solid ethical guidelines; uniform arbitration rules; Parliament, if necessary, defined jurisdictional parameters, can mitigate the adverse implications of forum shopping to a great extent. In addition, arbitral institutions may implement procedural reforms, for instance, requiring strict standards of arbitrators' selection and transparent rules of management of abusive jurisdictional and procedural matters to arrive at balanced and equitable arbitration of the cryptocurrency disputes²⁰.

Jurisdictional Challenges and Legal Complexities

The development of cryptocurrency as a medium of international trade and financial exchange has made traditional jurisdictional concepts in arbitration proceedings very difficult to apply. The inherent global and decentralized property of cryptocurrency transactions has resulted in significant emergence and complexity of cross border jurisdictional conflicts. Blockchain technology makes cryptocurrency operate without a centralized control, and thus transactions often involve several jurisdictions at once. Since there is inevitability of this multiplicity of applicable jurisdictions, it raises critical questions on which of such legal frameworks should apply to the dispute²¹. Cryptocurrencies and blockchain related disputes are not linked to a single national jurisdiction as traditional assets or contracts are, so there is uncertainty as to where the appropriate arbitral seat and the applicable substantive laws are located.

The problem of jurisdictional determination is so ambiguous that it has a profound impact on the choice of governing law and applicable arbitration rules. The fact that cryptocurrency disputes involve parties and arbitrators with different views about how to apply laws to cryptocurrency disputes inherently means that parties and arbitrators are presented with difficult choices regarding the laws that should apply. Different legal treatments of digital assets are found in many jurisdictions, including those commonly selected as arbitration venues, such as Singapore, Switzerland or the UK, which produce different interpretations and legal outcomes. Arbitration parties generally look to arbitration clauses contained in contractual agreements or, in their absence, they must rely on arbitral tribunal's discretionary decisions as to the choice of law²². This is because such scenarios make the future of legal manoeuvrability and the risk of strategic manipulation by parties with a focus on a jurisdiction that could best handle specific claims, the higher.

The enforcement and recognition of cryptocurrency related arbitral awards further complicate jurisdictional and governing law issues in connection with the award, and the awarding jurisdiction itself. Despite issuing binding decisions, blockchain based assets are pseudonymous and decentralized structures, thus even when a tribunal makes binding decisions, the enforcement might face challenges in practice. Often, arbitral awards on voluntary basis may entail tracing digital assets and then compelling compliances of the obligor through traditional legal channels, which can be

technologically complex and juridically blocked. Jurisdictions that are more or less open to cryptocurrency arbitral awards, especially where domestic courts are less familiar or technically competent with blockchain, can make enforcement more difficult as they are less willing or even outright refuse to enforce such awards²³.

Further criticism of international arbitration treaties and model laws also shows how little these are addressing issues related to cryptocurrency. The New York Convention of 1958 is still the cornerstone for cross border arbitration, though the Convention was created before the introduction of digital currencies, for which it is ill prepared to deal with the challenges posed by crypto related arbitrating awards. The Convention enables international carriage of arbitral awards, but national interpretations and the courtsides tend to unleash such differences to a significant degree in the context of digital assets. However, some courts in certain jurisdictions, as a precautionary action against the regulatory uncertainties or economic volatility of cryptocurrencies, may rely on public policy exceptions under the New York Convention, blocking the enforcement efforts and deforming the efficiency and predictability of arbitration²⁴.

Like the UNCITRAL Model Law on International Commercial Arbitration, the UNCITRAL Model Law provides principles as to procedure and in general arbitration, but also possesses lacunae when it comes to international cryptocurrency arbitrations. Its general provisions generally need to be adapted to the specific needs of blockchain disputes. Even as these instruments fail to deal effectively with issues such as anonymity of parties, admissibility of blockchain evidence and the technological complexity involved in cryptocurrencies, judicial and arbitral innovation and discretion not only further complicate uniform application but also hamper the ability of courts to play a useful role in ensuring that cryptocurrencies are legitimate instruments of global commerce.

Due to these legal complexities and the fact that emancipate technology is an ongoing process, there is a need for the international arbitration frameworks to evolve in response with the changes. To effectively deal with jurisdictional conflicts, clearer international standards are required, which may be created through the amendment of existing conventions or with the creation of new international legal instruments specifically aimed at arbitration of cryptocurrency. Greatly reducing the ambiguity of jurisdiction and problems of enforcement possibility can be achieved through enhanced standardization of regulatory approaches between and within jurisdictions as well as through the increased cooperation between international arbitral institutions²⁵. Furthermore, the training of judicial and arbitral personnel in blockchain technology would help to further go a long way towards increasing consistency and reliability of the outcomes in resolving such disputes, thereby solidifying arbitration as a viable vehicle for disputes regarding complex cryptocurrency.

The Intersection of Blockchain Technology and Arbitration

The blockchain technology, as the basic infrastructure of cryptocurrencies, has changed many aspects of digital transactions, including the dispute resolution. Smart contracts, one of the greatest features of blockchain technology and an innovation that is rising, is one of the most important. These self-executing contracts are lines of code that contain terms encoded directly into the lines of

code and are automatically executed when certain conditions are met. Smart contracts provide efficiency, automation, and immutability, but at the same time, smart contracts bring new challenges to the table which are insufficient with the existing modalities of traditional arbitration frameworks on account of their autonomous and decentralized nature. The concept of blockchain and arbitration is a meeting point between the traditional ways of dispute resolution and innovation and technology led ways of resolving conflict²⁶.

Although efficient, the smart contract natively conflicts with the conventional arbitration process. These contracts are automatic and their terms will be executed by humans without human intervention and this raises some connected questions when disputes arise. However, unlike traditional contracts whose terms can be interpreted and renegotiated after execution, smart contracts are typically highly autonomous and do not bestow much room for interpretation of intent or change of the terms post execution. To give an example, in cases where there is ambiguity or other envisioned circumstances, various traditional contracts give parties the benefit of going to the courts for judicial interpretation. Instead, smart contracts run precisely according to their code, with or without any contextual niceties or changed circumstances, which can cast into disagreement where contractual terms don't follow the parties' subjective understandings²⁷.

Therefore, arbitration within the realm of smart contracts needs to overcome several key challenges. The first step is to make the smart contract valid and enforceable under law. Smart contracts are legally binding in different jurisdictions to a significant degree. For example, smart contracts are recognized by jurisdictions such as the United States and some European countries, while others are still ambiguous. This makes arbitration difficult, particularly when deciding on the law or jurisdiction applicable. The second is that blockchain is decentralized so arbitrators have to work around the complexities of anonymous or pseudonymous parties. Disputes arising between blockchain addresses, instead of legally identifiable entities, can prove tricky to sort out given they can be hard to pin down the actual stakeholders.

In order to tackle the specific issues surrounding blockchain and smart contracts, arbitration platforms have been developed that use blockchain technology to resolve disputes. Arbitration platform based on blockchain, such as Kleros, Aragon Court, Jur, etc provide decentralized dispute resolutions (DDR) which are encoded in the blockchain. They employ a collection of consent mechanisms utilizing the crowd sourced adjudication to resolve disputes. Kleros employs a decentralized jury system: any randomly selected token holders are apt to adjudicate cases and the result is recorded incorruptibly onto the blockchain. These platforms try to enhance efficiency, eliminate bias and are decentralized, which fully resonates with the Blockchain technology principle²⁸.

Although blockchain based arbitration platforms have great potential for innovation, they have a number of limitations as well. However, one major drawback is that in many jurisdictions legal recognition is not recognized. However, unlike traditional arbitration awards, blockchain based decisions, oftentimes, are not enforceable under international conventions such as the New York Convention as courts are reluctant to accept decisions made through decentralized mechanisms. The

accuracy and fairness of centralized adjudication, however, is also still controversial: a community opinion doesn't necessarily always meet the legal or the arbitration standards. In addition, token-based voting system is prone to compromised neutrality as it has the risk of manipulation or voting bias.

Although theoretically allowing the use of decentralized arbitration mechanisms also has its challenges, the technology is still nascent. To integrate arbitration with blockchain, data storage must be secure, the procedures must be transparent, and solutions for data immutability issues when errors or inconsistencies occur must be provided. In addition, the blockchain properties of irreversibility in transactions make it particularly difficult to reverse or modify the contractual terms of arbitral awards. For example, if a smart contract, perhaps due to a coding error, transfers funds incorrectly, even a favourable arbitral decision may not practically reverse the transaction without the cooperation of all involved nodes or agreement of the blockchain participants.

Furthermore, the nature of blockchain transactions as cross border also makes forum selection strategies difficult. Blockchain by nature has no fixed geographical location, and it is difficult to determine where the proper forum is for traditional arbitration. In this decentralized transaction landscape, most of the time means that parties are placed in different countries and each country can make claims of jurisdiction with its own legal standards²⁹. This becomes compounded if the execution of the smart contract spans multiple blockchain networks, given that questions of which blockchain's rules or norms should be applied in the arbitration process arise.

Similarly, technology involved in the blockchain requires the arbitrators to have technological understanding, not just legal expertise. Generally, smart contract disputes will be highly complex coding interpretations, so the arbitrators have to understand how blockchain works and possible coding flaws. Flawed interpretations and the injustice, common in many arbitration proceedings are caused by the lack of technical proficiency of the arbitrators. Commensurate with the growth of the blockchain technology, arbitration institutions need to undergo capacity building of training to improve the technical competencies of the arbitrators.

In view of these challenges, hybrid models made of both the traditional arbitration principles and blockchain based ones have been proposed. In this models, decentralized decision making is merged with legally enforceable outcome through the linkage of blockchain arbitral decisions to ordinary mechanism. A simple example of this would be to have an arbitration clause included in the smart contract that refers to an arbitral institution that is recognized. It is also possible to embed a component for dispute resolution within the smart contract so as to mitigate the rigidity of automated execution.

Case Studies: Examining Patterns and Implications of Forum Shopping

Landmark cases about forum shopping for confidentiality arbitration in cryptocurrency have significantly shaped arbitration forum shopping in cryptocurrency arbitration by illuminating the hidden motivations, strategies, and results of choice of jurisdiction having the greatest chance of providing for confidentiality arbitration. Finally, in these cases, we see parties tactfully manoeuvring

around ambiguities of jurisdictional allocation to advantage either the procedural or legal with respect to the arbitration, in line with other patterns of conduct in the arbitration of the digital economy. However, by analysing high profile dispute, common practices, jurisdictions preferred for arbitration and the impact of forum shopping on the advent of arbitration and ushering in jurisprudence can be discerned.

The most cited case in this context is the Bitcoin Investment Arbitration administered by the London Court of International Arbitration (LCIA). The dispute stemmed from a failed investment agreement between a Singapore investor and a blockchain startup registered in the British Virgin Islands (BVI) where the two parties were supposed to conduct Bitcoin transactions. The strategic choice of the LCIA as the arbitration institution was that the investor expected a favourable interpretation of Bitcoin as an asset, rather than a currency, that is consistent with British legal precedents. The tribunal awarded the investor and the award was upheld by the tribunal, which found that Bitcoin based contracts are enforceable under English law³⁰. The outcome of this case shows how jurisdictional interpretations can be used to validate the contractual character of the cryptocurrency transaction and thus, reinforces enforcement of parties' claims.

Whereas, the Ethereum Mining Dispute under the Swiss Arbitration Centre involved a dispute between a mining pool operator and a mining pool individual regarding their profit-sharing arrangements. Located on the ground floor of a hotel complex in Zurich, it is a jurisdiction that is famous for treating digital assets with some progressive take on them, leading the operator to seek arbitration from the country. Swiss regulations considering such contracts as service contracts and not as financial instruments are what influenced the tribunal's decision in favour of the operator³¹. This outcome illustrates how the forum shopping exploits favourable local regulations to gain a legal advantage when regulatory definitions of blockchain operations vary widely from one jurisdiction to another.

That said, one more important case is the ICO Investment Dispute arbitrated in the Singapore International Arbitration Centre (SIAC). Here, the token issuer failed to deliver the promised functionalities and was challenged by an investor. The selection of SIAC was not a conscious decision based on its specific denationalization — as importantly, Singapore has practiced a pragmatic governance approach in relation to token Initial Coin Offerings (ICOs) and already possesses a textual framework in case of digital INCO. Even though the tokens were speculative, the tribunal ruled that the ICO contract was a binding commercial agreement³². The claimant chose SIAC by selecting a predictable legal environment in Singapore that favoured the interpretation of ICO investments as enforceable contracts rather than as speculative ventures.

The use of decentralized resolution mechanisms made a dent of creating decentralized finance (DeFi) in the realm of DAO Governance Arbitration and it was done via the Aragon Court, a blockchain based arbitration platform. The dispute was about governance token holders contesting a vote manipulation incident. As Aragon is a blockchain based operation and uses token-based juror selection, the final decision was determined by the community consensus as opposed to traditional legal principles³³. The decision was carried out on chain; however, the enforceability of the result

was in question as traditional courts did not recognize the outcome. The limitations of decentralized arbitration in enforcing legal actions in traditional systems are in conflict with the developing practice of forum selection in blockchain governance disputes as indicated in this case.

The Crypto Exchange Hack Arbitration under the Hong Kong International Arbitration Centre (HKIAC) also featured prominently in practices of forum shopping. But one of the largest cryptocurrency exchanges faced users who claimed that their assets were stolen by a security breach. The exchange selected HKIAC because Hong Kong's legal framework on cyber liability was more lenient in proving negligence in cybersecurity protocols³⁴. The exchange won the tribunal's decision because the firm had met reasonable security standards, even though the users lost. This case shows that in cryptocurrency arbitration forum shopping is often driven by anticipated leniency or rigidity of cybersecurity regulations when blockchain technology's inherent risks are involved.

There are some patterns drawn out by the comparison of these cases. First of all, jurisdictions acknowledged for their progressive cryptocurrency regulations are often preferred, such as Switzerland, Singapore and United Kingdom, due to its clearer legal recognition of digital assets. Secondly, the selection of arbitration institution is not only determined by the legal environment, but also by the experience of the institution with technology related disputes. For instance, the LCIA and SIAC are popular as they are balanced and modern approaches, and blockchain based arbitration platforms such as Aragon Court, are chosen for their decentralized decision making.

The probability of forum shopping in cryptocurrency arbitration leads to different jurisprudential outcome based on the jurisdiction's stance on blockchain legality and institutional capacity to process technical dispute. Although selecting favourable forums can lead to successful enforcement, such selection also involves ethical and legal issues of manipulating procedural rules to gain undue advantage. In addition, the different forms of enforceability of blockchain arbitration awards within traditional judicial systems continue to be a significant challenge as decisions taken through decentralized mechanisms may not form part of international arbitration treaties.

Addressing Forum Shopping: Recommendations and Future Directions

Active strategies should be adopted by both parties and institutions to properly manage the risks of forum shopping in cryptocurrency arbitration. One way to avoid such ambiguity is to draft precise arbitration clauses in contracts. The clauses should make clear the arbitral institution chosen, the applicable law and the seat of arbitration. Contingency clauses for potential changes in regulatory environment can add further reduction to uncertainties³⁵. Furthermore, in this case, it is also important to choose the arbitration institutions that have chosen a neutral, technologically mature form and have experience with blockchain related disputes to avoid unfair outcomes.

You can mitigate forum shopping with established arbitration rules about cryptocurrency, especially if they are specific for institutions. A standardization of procedural norms across jurisdictions will decrease incentives for forum selection on a strategic basis. Guidelines that will assure uniformity on jurisdictional determination, evidence admissibility and Cross Border Enforcement would be incorporated. The International Chamber of Commerce (ICC) and the Singapore International

Arbitration Centre (SIAC) could be the institutions to draft the model rules for blockchain arbitration.

It is essential to establish a world-wide regulatory framework which ensures standardization of arbitration practices amongst different jurisdictions. In anticipation of developing the cryptocurrency arbitration enforcement challenges, international bodies like United Nations Commission on International Trade Law (UNCITRAL) and International Centre for Settlement of Investment Disputes (ICSID) develop specialized treaties for use in settling cryptocurrency disputes. Recognizing blockchain based arbitral awards on the basis of the New York Convention may be standardized, which will aid in cross-border enforcement.

Another avenue in fact that arbitral institutions would probably want to invest in is capacity building initiatives and training of arbitrators in blockchain technology and its legal implications. It will improve arbitrator competence and documentation so that the risk of inconsistent verdicts will be reduced. In principle, it would be advisable for practitioners to advocate for stronger integration between traditional arbitration and dispute resolution based on blockchain, as the use of decentralized decision-making might off balance legal enforceability³⁶.

The future for arbitration best practices in the cryptocurrency market obviously lies in the use of a hybrid model in which blockchain's decentralized flavour blends with the mainstream arsenal of arbitration norms. The future practice will take the lesson in new trends of smart contract arbitration, block chain-based evidence management and on chain enforcement mechanism. As the adoption of cryptocurrency grows, the need for arbitration to double up on international cooperation while keeping its feet on the ground with regard to innovation and legal robustness.

Conclusion

The decentralized and cross border nature of blockchain technology makes arbitration in the realm of cryptocurrency a challenge and an opportunity at the same time. Forum shopping as an issue has become a critical phenomenon due to jurisdictional ambiguities and regulatory inconsistencies. Although arbitration is the preferred way to resolve cryptocurrency disputes, strategic forum selection goes against fairness and the legal predictability. To solve these issues, we need to have harmonized global frameworks and adopt best practices to replace those of fiat.

In order to preserve the credibility of arbitration in the case of cryptocurrency disputes, it is necessary to standardize rules that are in line with blockchain's characteristics. It is important to improve the technical competence of the arbitrators and to promote international cooperation. In looking forward, blockchain-based mechanism will need to integrate the efficiency with enforceability. Given that digital economies are developing further, there arises the need to adapt the arbitration to keep its stance as a viable process of dispute resolution in the crypto universe.

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