

CRYPTO CRAZE: DECODING BLOCKCHAIN'S LEGAL LANDSCAPE

Presented by:



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Cody Madison concentrates his practice on patent litigation, prosecution, and strategic counseling in various technological areas, including pharmaceutical, biotechnology, life sciences, inorganic and organic chemistry, computer software, mechanical engineering, medical devices, cosmetics, and industrial engineering.

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Blocks, Chains, & Bitcoin: What's the hype?



- Blockchain: A distributed, digital ledger for recording transactions in a secure, tamper-proof manner
- Benefits:
 - Decentralization
 - Immutability
 - Transparency
 - Security

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Public vs. Private Blockchain

Feature	Public Blockchain	Private Blockchain
Access	Open to anyone	Restricted to approved participants
Control	Decentralized (no single entity in charge)	Centralized or consortium-controlled
Examples	Bitcoin, Ethereum	Hyperledger, Quorum, Corda
Transparency	Full visibility of transactions & activity	Limited to authorized users
Immutability	Very high (due to distributed consensus)	Can be altered by administrators
Speed & Scalability	Slower (due to global consensus mechanism)	Faster, more scalable (fewer validators)
Use Cases	Cryptocurrency, DeFi, NFTs	Supply chains, banking, enterprise data sharing
Legal Implications	Raises regulatory, AML/KYC, privacy concerns	Easier to apply traditional legal frameworks

Bitcoin: Rags to Riches

- 2008: Whitepaper
 - Satoshi Nakamoto
 - Proposed decentralized digital currency
 - 2009: Bitcoin Network Launch
 - 2010: First Retail Transaction
 - 10,000 Bitcoin for 2 Papa John's Pizzas
 - 2011 – 2013: Silk Road
 - 2014: Mt. Gox Exchange Hack
 - 2017: Bitcoin hits the mainstream
 - 2021: Institutional Adoption
 - 2025: "Digital Gold"
- Bitcoin Price Action:
 - 8/14/2010: \$0.06
 - 8/14/2012: \$12.00
 - 8/14/2015: \$260.00
 - 8/14/2017: \$4,000
 - 8/14/2020: \$12,000
 - 8/7/2025: \$115,000

BTC Market Cap: \$2.3 Trillion

1	 NVIDIA NVDA	\$4.375 T
2	 Microsoft MSFT	\$3.901 T
3	 Apple AAPL	\$3.164 T
4	 Amazon AMZN	\$2.370 T
5	 Alphabet (Google) GOOG	\$2.357 T
6	 Meta Platforms (Facebook) META	\$1.917 T
7	 Saudi Aramco 2222.SR	\$1.568 T
8	 Broadcom AVGO	\$1.418 T
9	 TSMC TSM	\$1.200 T
10	 Tesla TSLA	\$1.031 T
11	 Berkshire Hathaway BRK-B	\$1.011 T
12	 Walmart WMT	\$824.85 B

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Cryptocurrency Token: A digital asset existing on the blockchain

Type	Purpose	Examples
Currency Tokens	Digital money for transfers or payments	Bitcoin (BTC), Ethereum
Utility Tokens	Grant access to features or services	Chainlink (LINK), Filecoin
Security Tokens	Represent ownership or investment contracts	Tokenized stocks, real estate
Governance Tokens	Allow holders to vote on project decisions	Uniswap (UNI), Aave
NFTs	Unique assets tied to art, IP, collectibles	Bored Apes, digital art

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Stablecoin: The Digital Dollar



Cryptocurrency tied or “pegged” to another asset, often traditional fiat currency (US Dollar)



Example: United States Dollar Coin (USDC)

1 USDC = \$1



More practical for transactions compared to other cryptocurrencies

- Extremely fast and efficient
- Low fees
- Zero volatility

Use Cases: Decentralized Finance (DeFi)

- Peer-to-peer financial services without banks
 - Lending and borrowing via smart contracts
- Stablecoins
 - Price-stable crypto assets used for payments or collateral
- Decentralized exchanges
 - Peer-to-peer crypto trading
- Legal and Regulatory Concerns:
 - Anti-money laundering and KYC compliance
 - Bad smart contracts
 - Who is in control?
 - No consumer protection mechanisms

Use Cases: Cross-Border Payments & Remittances

- Fast, low-cost money transfers across borders
 - Near-instant
 - Low fees
 - 24/7 transfers
- Disrupts traditional SWIFT/wire systems
 - Slow and expensive fees
- Legal and Regulatory Concerns:
 - Licensing
 - Anti-money laundering and KYC compliance
 - Sanctions Compliance
 - Consumer Protection

Use Cases: Supply Chain

- Modern supply chains are complex and vulnerable
- Blockchain provides transparency, traceability, and trust
- Key Use Cases:
 - Inventory
 - Quality Control
 - Chain of Custody
 - Tracking Ownership and Origin
- Legal and Regulatory Concerns:
 - Privacy
 - Trade Secrets
 - Cross-Border Compliance
 - Who is liable for bad data input?

Meme Tokens



Dogecoin (DOGE):
\$30 billion MC
\$1.26 billion daily volume



PEPE:
\$30 billion MC
\$450 million daily volume



Dogwifhat (WIF):
\$900 million MC
\$180 million daily volume

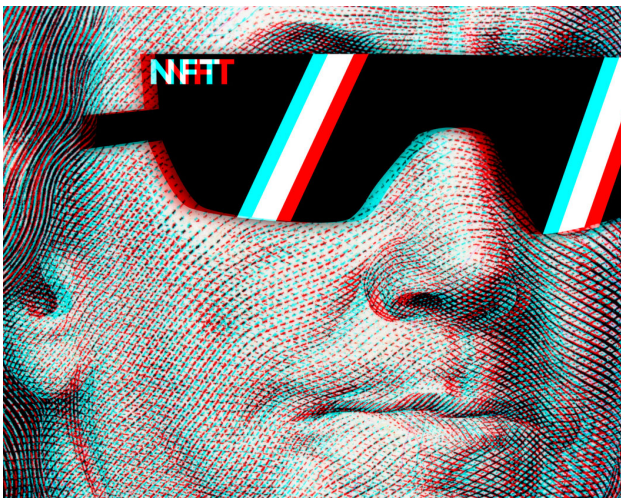


Shiba Inu (SHIB):
\$7 billion MC
\$140 million daily volume

Fartcoin:
\$927 million MC
\$178 million daily volume

General Mills Stock:
\$27 billion MC

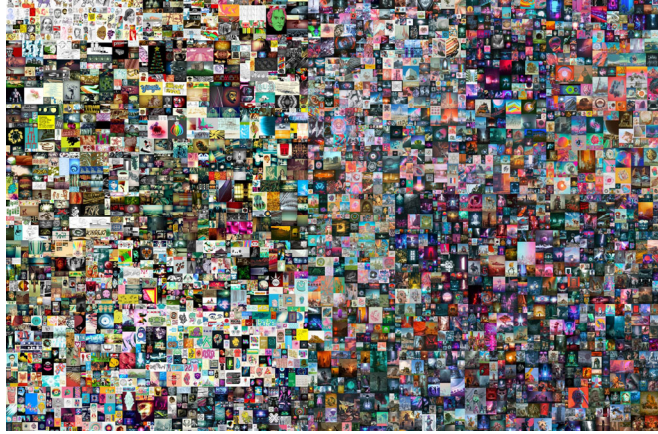
NFTs: Non-Fungible Tokens



- A unique digital token on a blockchain
- Proves ownership or authenticity of a specific digital or physical asset
- Each NFT is unique and not interchangeable

NFTs: Digital Art

- \$69 million sale by Beeple in March 2021



Everydays: The First 5000 Days, sold at Christie's. Image: Beeple

NFTs: Digital Art

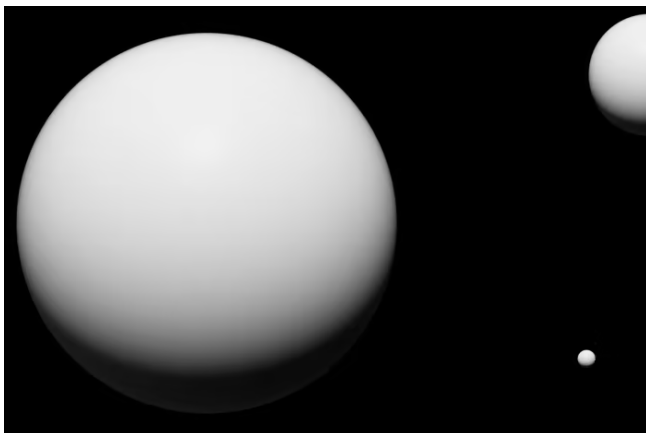


Image: Nifty Gateway

- \$91.8 million sale in December 2021
- 28,983 bought 312,686 NFTs or “units of mass”

NFTs: Intellectual Property Rights

- Can be minted to represent ownership or limited access to something
 - Music, videos, content, concert tickets
- Royalty generation
- Tokenized Licensing Agreements
- Secondary Markets for IP Rights
- Fractional Ownership

NFTs: Intellectual Property Concerns

Underlying
Rights

Lack of
Clear Terms

Infringement
Risks

Jurisdiction

Enforcement

Emerging
Case Law

NFTs: Hermès v. Mason Rothschild

- Digital Artist Mason Rothschild created a collection of 100 unique NFTs depicting the Hermès Birkin bag altered in various colors, fur, and patterns
 - Millions of dollars in trading volume
- Hermès filed suit in federal court (NY) asserting trademark infringement and dilution
- Rothschild argued First Amendment freedom of speech
 - Commentary on luxury goods and transformative expressions
- Federal jury returned a verdict in favor of Hermès on all counts
 - \$133,000 in damages and permanent injunction

Regulatory Uncertainty



U.S. Securities and Exchange Commission



Perspective on Crypto

Many tokens = **securities**

Some tokens (e.g., BTC, ETH) = **commodities**

Crypto = **money transmission**

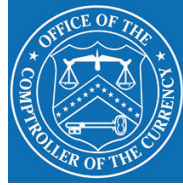
Focus Area

Investor protection, unregistered offerings

Derivatives, fraud, market manipulation

AML/KYC compliance

Regulatory Uncertainty



State Regulators

Perspective
on Crypto

Crypto = **property** (for
tax purposes)

Concerned with **bank
custody & stablecoins**

Vary by
jurisdiction

Focus
Area

Reporting, capital
gains

Safety & soundness of
financial system

Licensing,
consumer
protection (e.g.,
NY BitLicense)

SEC: Howey Test

- **SEC v. Howey Co., 328 U.S. 293 (1946)**
- Legal test to determine whether a transaction qualifies as an investment contract (security)
 1. Investment of Money
 2. Common Enterprise
 3. Expectation of Profits
 4. Efforts of Others

Staking: Is it a security?



Cryptocurrency tokens are “locked up” to secure blockchain network operations



“Stakers” earn rewards or “interest” proportional to their contribution

SEC: A Crypto Villain?

- \$6.4 billion in crypto-related penalties from 2019-2025
- Highest number of enforcement actions
 - Targeting exchanges, lending platforms, token creators/issuers, and staking services
- Binance: \$100 million in 2023
- Ripple Labs: \$125 million in 2020
- Terraform Labs: \$4.47 billion in 2023

Is it all a scam?

Mt. Gox (2014)

- \$460 million worth of bitcoin stole (\$100 billion at today's prices)

FTX Collapse (2022)

- \$8 billion+ in losses
- Sam Bankman-Fried secretly transferring customer funds to his trading firm

OneCoin (2014-2017)

- Ponzi scheme defrauding investors of \$4.4 billion+

BitConnect

- Ponzi scheme promising 1% daily returns
- Defrauded investors of \$2.4 billion+

Terra Collapse

- \$40 billion in value lost

Celebrity Crypto Tokens

- \$300 million+ in lost value

GENIUS Act

- First comprehensive regulatory guidelines for stablecoins in the United States after signed into law on July 18, 2025
- Establishes clear rules for issuers and stablecoin reserves
- Issuers must register with a federal authority
 - Issuers with over \$10 billion in issuance are under federal oversight, while smaller issues can opt for state regulation
- Issuers must hold 100% of reserves in cash or US Treasury securities
 - Stablecoins backed on a 1:1 basis
- Strict Audit requirements
- Consumer protections
 - In bankruptcy, stablecoin holders get priority over other creditors

CLARITY ACT

- Passed by the House on July 17, 2025
- Defines roles of regulatory agencies:
 - SEC: control over investment offerings
 - CFTC: commodities and trading
- Exchanges, brokers, and dealers must register with the CFTC
- Allows security tokens to become utility tokens if sufficiently decentralized
- Allows projects to raise funds if aiming to be decentralized
- Encourages domestic innovation

Is it the future?

- 60% of institutions plan to allocate at least 5% of assets under management to digital assets in 2025
- BlackRock and its \$10 trillion in assets is a force in the crypto space
- Fidelity launched a no-fee crypto IRA in April 2025
- JPMorgan's Pivot
 - 2024: Bitcoin is a "fraud" and a "Ponzi scheme"
 - 2025: Chase credit card integrates with Coinbase
- Approximately 7% of the world population owns a crypto asset

Thank you & Questions

Key Takeaways

- Stay Ahead of the Regulatory Curve
- Advise on Risk Management, Not Just Compliance
- Understand the Tech, Not Just the Hype

Let's stay connected

Cody Madison

Associate, Intellectual Property

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