JUr

The Network State for the Digital Economy

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Introduction

A Changing Environment

Human civilization is increasingly global, digital, and interconnected. Bitcoin, as a stateless, digitally native currency, has already demonstrated that new technologies can pose a serious threat to established institutions such as central banks and erase once-established borders around the globe.

A large part of the world's population already spends a significant amount of their time in social and virtual communities, rewiring the social fabric of our society. Our relationships and values are increasingly defined by common and economic interests rather than mere physical proximity.

With the rise of blockchain technology, a new phase of digitization began. As the world's assets are now being turned into digital assets, the inadequacy and misalignment of offline legal systems needs to be addressed. With the growing value at stake in the virtual spaces, decentralized systems require a new legal system that can deal with this increased speed of trade while creating a trusted environment for this nascent industry to mature.

The concept of the modern state is destined to evolve new solutions for new problems. Blockchain technology reimagine social networks by enabling decentralized network states that serve a common purpose.

Jur is the first network state on a mission to create the most efficient jurisdiction for the digital economy.

Challenge

Offline Jurisdictions Are Unfit For The Digital Economy

Globalization, the success of the internet, and now the introduction of Web3, create tension between locally defined jurisdictions and the global, digital economy.

The legal system, in its foundations, suffered from limitations due to the fact that it was established at a time when societies were smaller, economic activity was slower and trade inherently non-digital.

Legal Contracts

Require negotiation, legal advice and manual execution.

Laws

Are abstract by nature, thus requiring interpretation and debate. Code is deterministic.

Digital Asset

Public notaries and agencies are not designed to manage online assets and transactions.

Organizations

Users can create an account on a platform and start earning money instantaneously, but managing a company requires time and expertise.

Dispute Resolution

Court-based procedures take years and are segregated from the digital world both technically and culturally in most jurisdictions.

Solution

A Digitally Native Jurisdiction

Jur is the first network state on the blockchain built to serve the needs of the digital economy.

Network State Principles

Efficiency

Cross-border

Global

Neutral (no governments)

Auditable

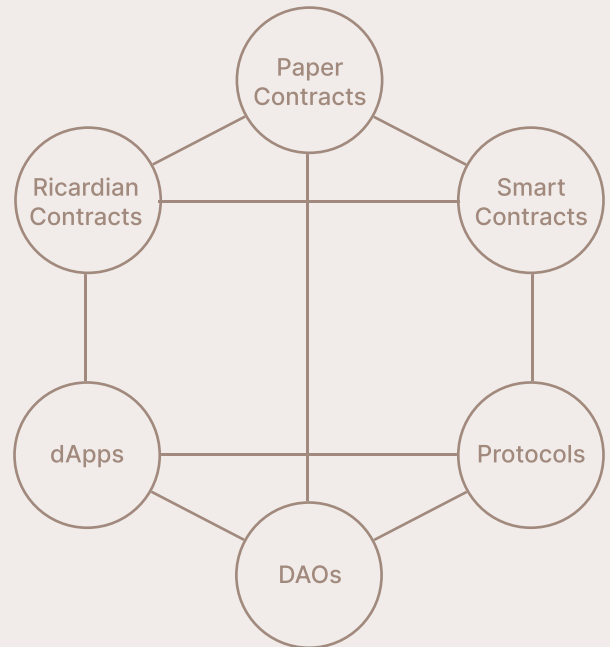**Free-market principles**

Composable

Interoperoperable

Interconnected with real world

Network State Ecosystem

Solution

Web3 Architecture

The Jur network state is governed by the community members whose financial interests are directly aligned with the success of the network itself:

Token holders will contribute to the network's security through staking and to the on-chain governance with a voting system.

Elected officials are subject to similar dynamics.

The system consists of a composable series of decentralized protocols coordinating the necessary services of the network state.

The Protocols follow the well known tripartition of the powers:

The Legislative protocol governs the adoption of universal contract standards and rules.

The Judiciary protocol supports different types of dispute resolution services.

The Executive protocol provides on-chain and off-chain enforcement and administration services.

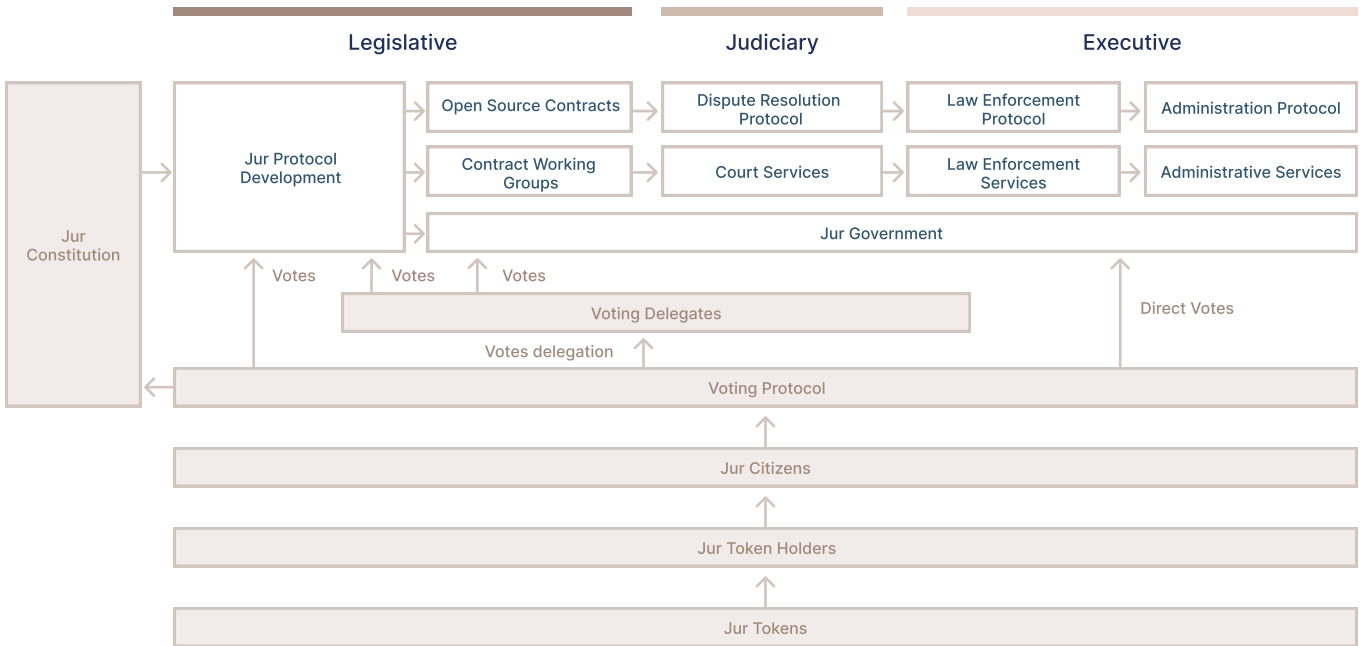Changes to the protocols require the participation of token holders.

Figure: *Network State Architecture*

Public law is often depicted as the system of guarantees and counter-guarantees, decisions and accountability. Public sector governance activities and procedures require coordination, transparency, and trust– all of which are aspects that are complementary to the core principles of Web3:

- Distributed, decentralized ownership
- Permissionless equal access and participation
- Native payments in cryptocurrency for online transactions
- Trustless economic mechanisms using incentives and rewards

Blockchain technology launches a new season in the exercise of public power for the satisfaction of public interest.

The network state is autonomous, legally-binding, and interoperable with offline jurisdictions. In case of the need for an enforcement of a decision regarding lawful agreements in offline jurisdictions, this would be possible leveraging the existing legal framework of arbitration and Merchant Law (or Lex Mercatoria). This legal system is globally optimized for private economic relationships based on a set of private agreements. Anyone can opt-in to use the network state to administer their economic relationships, online and offline.

Solution

Network State Components

Legislative: Open Source Universal Standard Contracts

Lack of standardization in business contracts creates inefficiencies. Custom contracts introduce legal, operational, structural costs, and complexity. Standard contracts are significantly more cost-efficient and scalable. Jur is developing standardized contracts in an open-source and democratic methodology.

Standard contracts serve a segment where contracts are very similar and have low-to-mid transaction value. Similarly as open-source software standards impacted many areas of technologies, we envision a similar mechanism managed through a series of working groups, for developing and publishing new contract templates for contracts available to everyone.

The consensus about the standard is established through a voting system within an open source standard contract. As the YCombinator SAFE simplified an entire segment of industry, we envision a decentralized system for creating multiple industry standard contracts. Instead of relying on the authority of a centralized institution, the standard should rely on a transparent consensus model generated by cooperation among experts participating in a working group.

We will start these efforts with paper legal contracts, which over time, will be complemented with smart contracts that will allow for another level of efficiency gains. The standardization of these contracts will be crucial to ensure compatibility and scalability.

Network State Components

Judiciary: The Interoperable Judiciary Layer for The Digital economy

History has shown that legal certainty and efficient dispute resolution is key to maturing industries. Platforms like eBay did not reach mass adoption until the introduction of a dispute resolution mechanism. Similarly for the internet, we believe that dispute resolution mechanisms are a crucial component for a wider adoption of blockchain systems.

Jur is building a universal dispute resolution protocol that seamlessly integrates Jur's online arbitration service and third party dispute resolution providers. The protocol provides for a variety of needs:

Mediation Services

Arbitration Services

Adjudication Services

Decentralized Adjudication Services

Assessment Services

Technical Verification Services

Expert Opinions

Judgements issued by State-based Courts

Judgements offered by specialized Public Bodies (example, WIPO)

Jur will provide interoperability beyond Web3, Web2 and offline elements such as: privatized, centralized companies; decentralized entities; public entities

Network State Components
Executive Level Global Functionality

Administration

The administration of the network state consists of an appointed administration that will operate necessary functions. The administration should be designed such that the freedom of action is limited and misbehavior can be punished. Government officials will be required to stake a significant amount of tokens as collateral. Any appointed official can be removed at any time.

Law Enforcement

On-Chain Enforcement

A crucial part of any legal order is the implementation of a corresponding enforcement mechanism. In a trustless on-chain setup, enforcement is performed in the form of the execution of the contract. When disputes arise due to the unintended execution of the contract, other means for law enforcement should be introduced. The introduction of liable entities in the sphere of decentralized systems is key for this use case. Accordingly, we are introducing the concept of a Limited Liability Identity (LLI), which is an extension of a Self-Sovereign Identity. The LLI allows for the staking of assets similar to an LLC which can be seized by the law enforcement of jurisdictions upon signing an agreement. The first LLI will be implemented in the citizenship program.

Off-Chain Enforcement

For the purposes of enforcing court orders like arbitration awards, we are envisioning a set of law firms in various jurisdictions that will work with Jur to enforce potential court rulings and arbitration awards in the respective jurisdictions.

Solution

Citizenship: Voting Rights Through Staking

Token holders are the key stakeholders of the Jur system. To enable another level of commitment and services, the network state offers citizenships that require the staking of a minimum amount of tokens.
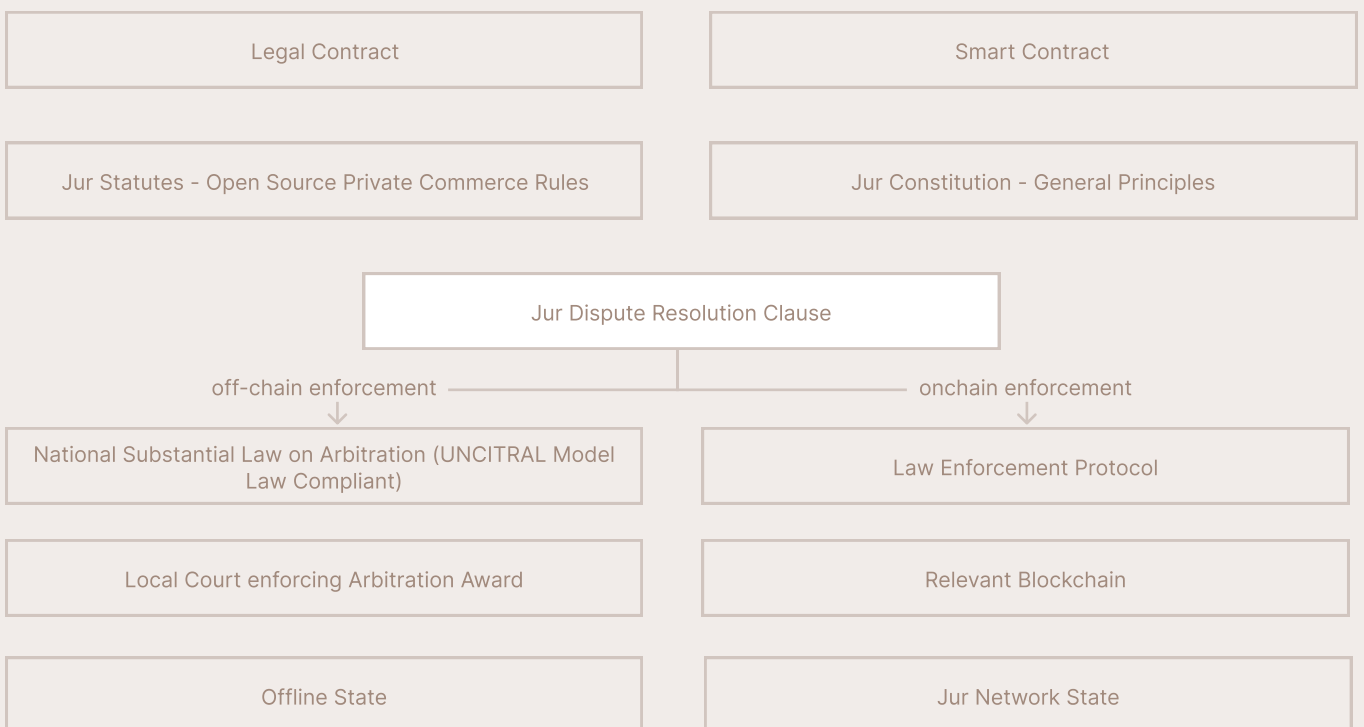
Legal Framework

A Private Legal System

Users activate the virtual jurisdiction of Jur by implementing dedicated clauses in their contracts, smart contract and dApps. The Jur dispute resolution clause defines the terms of use of Jur as virtual jurisdiction. The parties can define the applicable Law, the seat of jurisdiction choosing between offline or a stateless procedure with enforcement solely on-chain.

A Web3 Enabled Lex Mercatoria

We are conceiving a private, free-market oriented legal framework that optimizes a contract's lifecycle and allows for full compatibility with legacy legal systems.

For the enforcement of decisions, the system invokes an arbitration procedure in accordance with **UNCITRAL Model Law and NY Convention**. It's worth noting that this model largely relies on existing rules and principles and already exists for many states. From a legal theory point of view, this model is in line with the evolution of the so-called Lex Mercatoria Merchant Law.

Legal Contract	Smart Contract

Jur Statutes - Open Source Private Commerce Rules	Jur Constitution - General Principles

Jur Dispute Resolution Clause

off-chain enforcement ↓   onchain enforcement ↓

National Substantial Law on Arbitration (UNCITRAL Model Law Compliant)	Law Enforcement Protocol

Local Court enforcing Arbitration Award	Relevant Blockchain

Offline State	Jur Network State

Use Cases

Three Examples at a Glance

Administration

When it comes to legal agreements the Web3 industry presents recurring needs. Every project is recreating the wheel multiple times. Web3 operators will benefit from having Industry Standard Agreements. For example:

- JUR SAFT 2022
- JUR DAO Governance Agreement 2022
- JUR NDA 2022
- JUR NFT Terms of Sale 2022

Dispute Resolution for DAOs

DAOs are today generating transactions that need external dispute resolution services. For example, it covers disputes about:

- DAO Grants
- DAO Contributions
- DAO and Sub-Dao Cooperation Agreements
- Gaming DAOs internal processes

NFTs Verification

NFTs pose a serious threat to Intellectual Property Rights. NFT Platforms can't solve this problem alone.

Jur will provide trustable verification and certification services for NFTs for:

- NFT Platforms
- Artists
- Marketplaces

Governance

A Modern Governance System

Semi-Direct Democracy

Jur governance is envisioned as a semi-direct democracy, similar to the Swiss model, allowing for the necessary checks and balances in a representative model via direct democratic referendums while ensuring efficiency through specialization and delegation.

Liquid Democracy

To ensure a natural governance process, the proposed solution is to enable a proxy voting scheme in which token holders can delegate their votes. This mechanism should ensure higher participation over direct voting schemes.
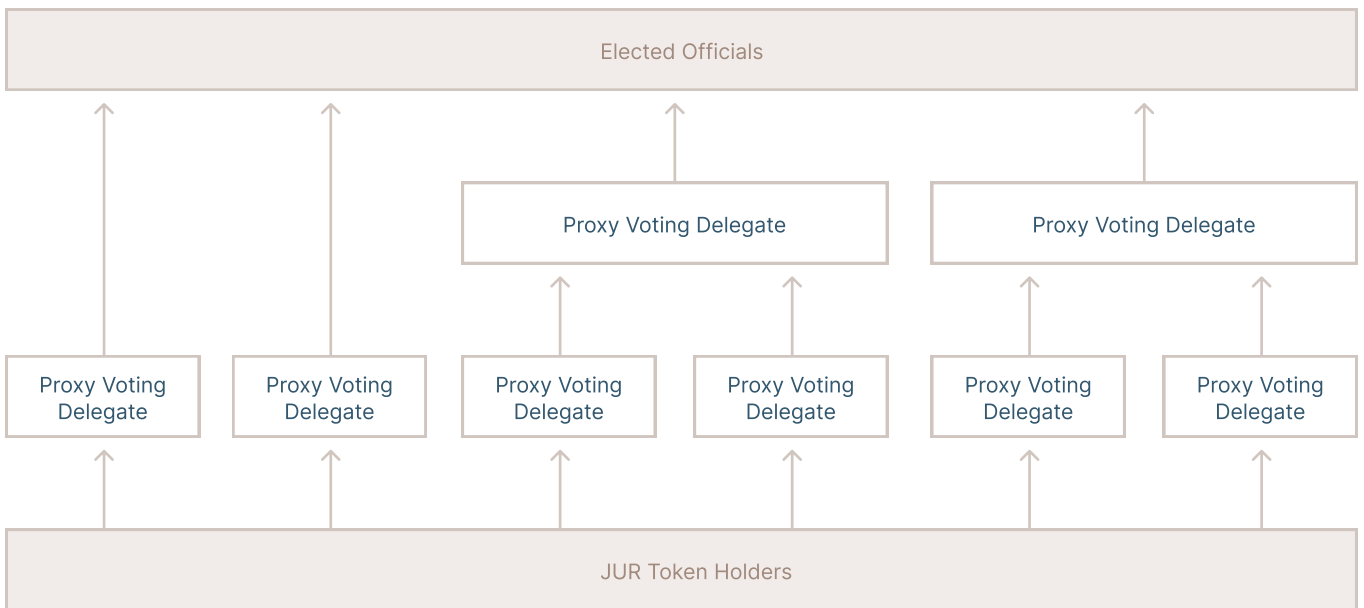
A Modern Governance System

On-Chain Governance

All governance processes, besides the network consensus, are built with smart contracts deployed on the Jur Chain.

Commitment Voting

Jur is using a commitment voting scheme to align long-term interests of token holders. Regular token holders can lock an arbitrary amount of tokens for up to 10-years as part of their Jur citizenship. Voters received additional voting weight by adding a lock-up period to their tokens. The duration of the lock-up determines the weight. The initially proposed weight used for the voting is measured in years. For example a 1-year lock-up would result in a 1x voting weight, while a 5-year lock-up resulted in a 5x voting weight. The proposed maximum lock-up period is 10 years to prevent attacks by non-financially motivated attackers.

Technology

On-Chain Protocols

Dispute Resolution Protocol

Blockchain technology builds the trustless foundation by storing the state of information of the Jur network state. To ensure flexibility and independence from other systems, the Jur network state is based on its own layer-1 chain built with the Substrate blockchain framework.

Law Enforcement Protocol

A second important protocol is the Law Enforcement Protocol, which facilitates the enforcement of court orders once the result of a case is final.

Network State Components

System Architecture

The system architecture is designed to enable off-chain systems, third-party chain systems and on-chain systems to interact and enable maximum compatibility.

A crucial component for the success of Jur is the ability to interact with smart contracts on other chains to maximize the scope of the services provided.
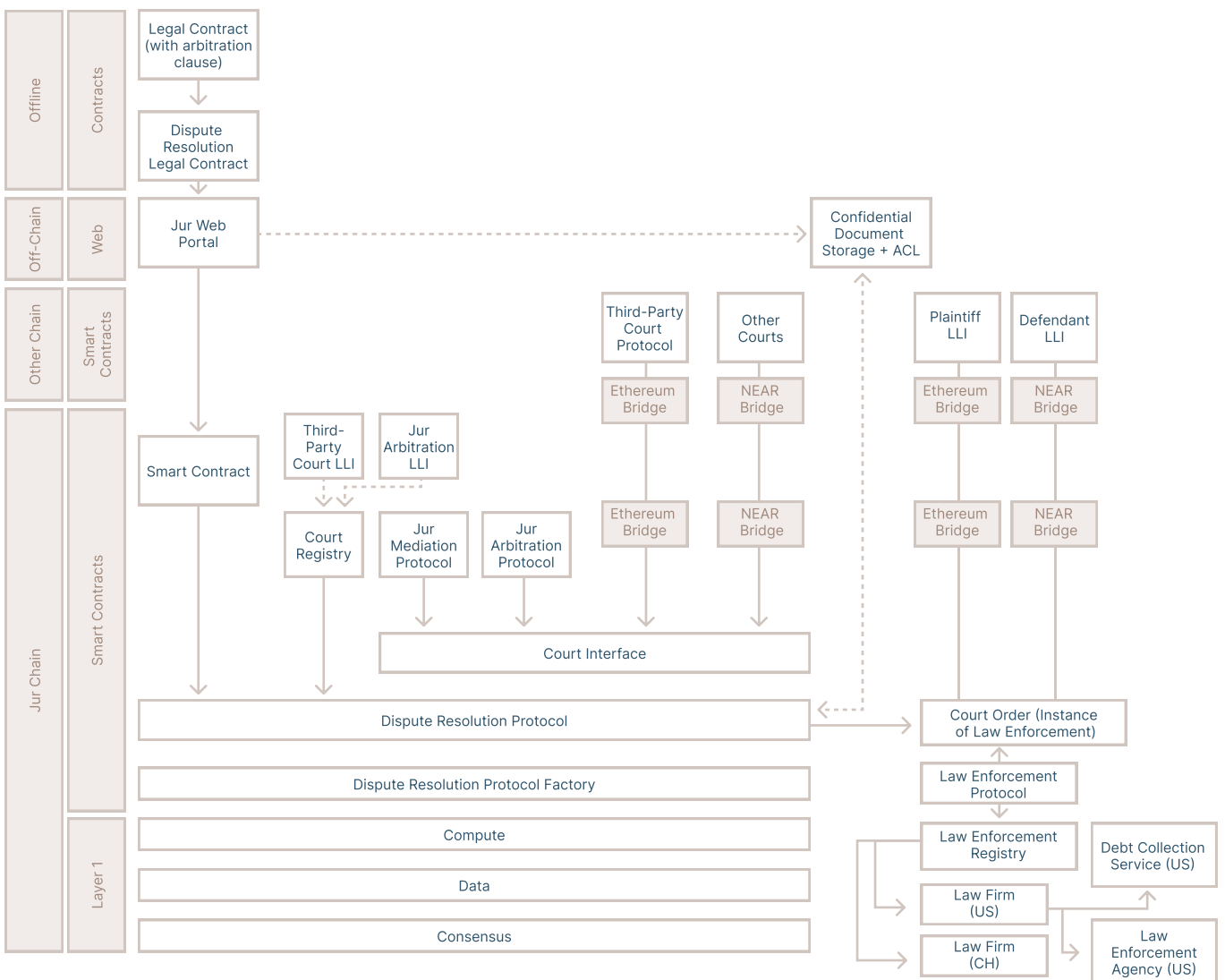
About

Jur is developed by Jur AG, a company active in Web3 governance and legal since 2018.
Jur AG has offices in Switzerland, with headquarters in Zug and a distributed team.
Jur AG is regulated as a member of VQF for combating money laundering and is audited by Grant Thornton.

History

The company has distinguished itself by activities at the intersection of Web3 and legal with a particular focus in the area of digital dispute resolution and decentralized dispute resolution. Accelerated by the London-based legal tech accelerator, the MDR Lab, Jur won LawTech UK's public tender for the feasibility study of a national platform to resolve small disputes in the UK. It has deployed, on VeChainThor, a decentralized online dispute resolution system with escrow included, used to secure an exchange of a vehicle worth 10,000 EUR in 2019. Jur contributed to San Marino's blockchain legislation by participating in related scientific committee activities that led to the country's first blockchain legislation. Jur's founder participated in the Deep Tech Dispute Resolution Lab at Oxford University as an advisor. The company contributed to the Digital Dispute Resolution Rules, adopted by the UK Jurisdiction Taskforce, constituting the first simplified arbitration framework for UK. Jur developed a digital arbitration platform with Jur Arbitration Rules to provide legally binding arbitrations across 168 jurisdictions. In its work, it has attracted leading investors and advisors, including Tim Draper.

Strategic Partners

Draper Associates
Scytale Ventures
Rascal Ventures
Fenbushi Capital
Polkadot

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