

Universal Digital Law Codex (UDLC)

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Introductory Remarks

The Universal Digital Law Codex (UDLC) is a pioneering legal initiative that aims to create a neutral legal framework for digital interactions, assets, contracts, dispute resolution and governance, which can adapt to technological changes. The UDLC aims to bridge the gap between the rapidly evolving digital ecosystem and the traditional legal system. This framework ensures enforceability, fairness and procedural integrity, even in fully digital, trans-national settings — a foundational component of trusted digital governance.

The UDLC is intended to serve as a private universal standard for legal certainty and enforceability in digital systems — from blockchain and AI to quantum computing — providing digital platforms, businesses and users with the tools they need to operate securely and legally across borders and technologies.

The core objectives of the UDLC are:

- *Legal certainty in digital systems*, that provide a clear and structured legal backbone for peer-to-peer transactions, automated contracts, and digital identities;
- *Technology-neutral and globally consistent*, designed to function across legal jurisdictions and technological platforms;
- *Support for Emerging Technologies*, from AI to blockchain and quantum computing and anticipating legal needs;
- *Complementary Legal Layer*, that enhances existing digital systems by adding a consistent legal dimension through system-referenced adoption.

It establishes a structured framework for:

- General principles, including their relation to national law
- Digital identities and digital ownership
- Digital and smart contracts, and peer-to-peer electronic legal acts
- Facilitating the cross-border enforceability of digital transactions
- Comprehensive dispute resolution mechanisms
- Community-based evolution of the UDCL

The first draft of the UDCL's core components was created through the collaborative efforts of renowned legal experts Prof. Dr. Andreas Furrer ([University of Lucerne](#)), Prof. Dr. Wulf Kaal ([School of Law, St. Thomas University](#)) and Dr. Stephan D. Meyer ([UniLu](#)). The core team is drafting a commentary on these rules to explain the concept of the UDCL.

The team is seeking further collaboration with academics and legal practitioners specialising in academia to complete this Codex. For further information, please contact andreas.furrer@unilu.ch.

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UDLC Codex

(Version 2.0, 2025-02-27)

Preambles

(1) UDLC provides legal provisions that apply universally when Parties perform Legal Acts based on Legal Statutes within a Digital System that refers to these rules in its terms and conditions.

(2) UDLC aims to provide and improve legal certainty and enforceability within Digital Systems enabling Parties to profit from the benefits of Digital Systems based on national and international law and established business and technological practises respecting the specific circumstances of digitization.

(3) The goal is to establish a consistent legal framework that ensures the adaptability, enforceability, and ongoing relevance of UDLC across all digital transactions, contracts, and legal interactions covered under its scope.

(4) In particular, UDLC sets out the rules necessary to enable and facilitate the introduction of automated application and execution of legally binding peer-to-peer electronic transactions within the specific Digital System. It complements the terms and conditions established by Digital Systems and Applications and/or the terms and conditions of the Parties for their peer-to-peer electronic transactions.

(5) The terms used in this Codex are capitalised and defined in Art. I.4.

Part A General Rules

Book I Purpose and Scope

Article 1 Purpose

(1) The purpose of UDLC is to establish a universal, jurisdiction-neutral and organizationally neutral legal framework for the governance of Digital Contracts, Digital Object, and related transactions, that can evolve and incorporate new technology advancements including but not limited to AI, Blockchain and Quantum. This ensures consistency, compliance, and legal certainty across jurisdictions for the evolution of emerging digital technologies and Digital Object markets.

(2) UDLC complements the terms and conditions of the providers of Digital Systems and Applications and the Parties' terms for their Digital Transactions, when performing Private Legal Acts within a Digital System.

(3) UDLC's provisions operate alongside national laws, providing additional clarity and structure for cross-border Digital Transactions and disputes. It

further provides the principles for applying and interpreting the applicable national laws.

(4) UDLC sets out the rules necessary to enable and facilitate the phased automatization of contracts and other legal acts including the execution of legally binding Digital Transactions based on Applicable National Law.

(5) UDLC aims to facilitate the seamless integration of traditional legal principles with emerging digital technologies, promoting innovation while safeguarding rights and obligations to create legal certainty as the foundation for digital markets formation.

Article 2 Scope

(1) The UDLC applies to all Legal Statutes and Acts within Digital Systems such as Digital Identity and Ownership, Contracts, Transactions and related legal matters involving Digital Objects, Decentralised Entities, Intelligent Agents, any derivatives thereof, or any other form of digital interaction covered by the UDLC, where the terms and conditions of the Digital Systems, and/or Applications used or the Parties refer to the UDLC insofar the Parties do not expressly exclude the rules of this Codex (Opting Out, Art. I-3).

(2) In particular, UDLC applies to:

- a) Identities of Parties;
- b) Ownership and other rights against third Parties governing Digital Objects and related Physical Assets;
- c) validity of Legal Statutes and Acts as well as consequences of invalidity;
- d) pre- and non-contractual obligations;
- e) rights and obligations arising from contracts and other legal relationships between the Parties, including their interpretation within national laws;
- f) performance and the consequences of non-performance, including the assessment of damages;
- g) the various ways of extinguishing obligations, and prescription and limitation periods;
- h) burden of proof and legal presumptions;
- i) Organization within Digital System performing autonomously decision-making processes and/or execution of Private Legal Acts;
- j) dispute settlement and enforcement of rights.

(3) UDLC is designed to supplement and enhance existing legal frameworks and national laws,

particularly where traditional legal rules and approaches are not adequate for addressing the unique characteristics of Digital Systems and Digital Objects. Subject to Part A, Book IV, where a conflict arises between UDLC and national or supranational laws, the provisions of UDLC shall apply to the extent permitted by the relevant jurisdiction.

Article 3 Opting Out

(1) The Parties may exclude the application of this Codex, irrespective their general consent, provided that all Parties concerned are adequately informed of such modifications.

(2) The Parties may exclude the application of one or more provisions of this Codex, agree on other legal consequences or modify them, unless otherwise provided for in this Codex and provided that all Parties concerned are adequately informed of such modifications.

Book II Definitions

Article 4 Definitions

(1) The following definitions of terms apply for all purposes of UDLC unless the context otherwise requires.

- Alternative Dispute Resolution, see Part C.
- *Applicable National Law*, see Article 11.
- Arbitral Tribunals, see Part C.
- *Artificial Intelligence (AI)* is a machine-based system that is designed to operate with varying levels of autonomy and that may exhibit adaptiveness after deployment, and that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments.
- *Blockchain* refers to a specific type of DLT where transactions are recorded in a series of blocks that are cryptographically linked, forming a continuous chain. Each block contains a set of transactions that are validated and added to the chain by a consensus mechanism.
- *Coding* is the process of writing instructions for a computer or a computing device to execute a specific task or sequence of tasks. It involves translating human-readable logic into a formal language (a programming language) that the computer can understand and process.
- *Collective Signature*, see Article 25.
- *Decentralized Autonomous Organization (DAO)*, see Part B, Book V
- *Decentralized* refers to a system or network that operates without a central governing authority, with control distributed among various participants or nodes..
- *Digital Contract* refers to an agreement between Parties that is created, executed, and stored in a digital format, and is subject UDLC and its related legal rules, it is a more general and broader term than “smart contract,” which refers solely to blockchain-related transactions.
- *Digital Controller*, see Article 31.
- *Digital Identity*, see Part B, Book I
- *Digital Information* refers to any data or representation of facts, concepts, or instructions that is converted into a binary format (ones and zeros) so it can be stored, processed, and transmitted by electronic devices, systems, and networks.
- *Digital Object*, see Article 28.
- *Digital Object Transferor*, see Article 33.
- *Digital System* is a digital platform or infrastructure whose users can conduct legal transactions of any kind among themselves or with third Parties and thereby perform legally relevant acts within or outside that system with legal effects within or outside that system.
- *Digital Transactions* are processes through which users can conduct exchanges of data, information, or value among themselves or with third Parties. This includes, but is not limited to, online payments, smart contracts, cryptocurrency transfers, and quantum-secured exchanges, ensuring the secure, efficient, and legally binding transfer of assets or information in a digital environment.
- *Digital Transfer of Rights Object (DTRO)*, see Article 38.
- *Distributed Ledger Technology (DLT)* refers to a decentralized database that is managed by multiple participants across multiple nodes using cryptographic means and based on a decentralized consensus mechanism. DLT allows for the recording, sharing, and synchronization of transactions and data across a distributed network.
- *DTRO*, see Digital Transfer of Rights Object.
- *Identification Process*, see Article 24.
- *Identifier*, see Article 23.
- *Identity*, see Article 21.
- *Legal Act* is s an action taken by a person or legal entity with the intent to create, modify, or terminate legal rights, duties, or obligations.
- *Legal Identity*, see Article 22
- *Legal Person* is a legal entity that is not a human being but is subject of rights and obligations.
- *Legal Status* is the position or condition of a person or entity as defined by law, which dictates the specific set of rights, duties, capacities, and incapacities that apply to them.
- *Mandatory Law*, is a legal rule or statute that must be followed and cannot be altered, waived, or set aside by the agreement or discretion of the parties involved.

- *Multi Signature*, see Article 25.
- *National Courts*, A National Court (often called a domestic court or municipal court) is any court that belongs to the judicial system of a sovereign state (country).
- *National Property Law*, refers to the body of domestic law (statutes, regulations, and judicial precedent) of a specific sovereign state that governs the rights, interests, and legal relationships between persons and things (property) within that state's jurisdiction.
- *Natural Legal Person* refers to an individual human being.
- *Ownership Transferee*, see Article 33.
- *Party* is an individual, company, organization, or legally recognized entity that has the requisite legal capacity and expresses mutual assent (agreement) to the terms and conditions of a digital contract, thereby establishing a legally binding relationship and becoming responsible for fulfilling the obligations and entitled to receive the rights defined in that agreement.
- *Physical Assets* are tangible objects.
- *Signature*, see Article 25
- *Smart Contract* refers to a self-executing program operating on a blockchain, see also *Digital Contract*.
- *Stated Will*, see Article 46.
- *Underlying Physical Object (UPO)*, see Article 40.
- *UPO*, see Underlying Physical Object.
- *UDLC Arbitration Tribunal*, see Part C.
- *Will*, see Article 46.

(2) Where a word is defined, other grammatical forms of the word have a corresponding meaning. The use of the words “include”, “includes” and “including” is by way of illustration or emphasis only and should not be construed as, nor should take effect as, limiting the generality of any subsequent words.

(3) Additional definitions applicable throughout UDLC are provided in specific sections where relevant.

Book III General Principles

Article 5 Legal Certainty and Predictability

(1) UDLC is grounded in the principles of legal certainty and predictability, ensuring that Parties within the scope of UDLC can understand and enforce their rights, obligations, and potential liabilities.

(2) UDLC aims to provide clear and consistent rules that apply uniformly within the scope of UDLC.

Article 6 Autonomy of the Parties and Freedom of Contract

(1) UDLC respects the autonomy of the Parties involved in Privat Legal Acts and the principle of freedom of contract, allowing them to freely negotiate terms and conditions, subject to compliance with Mandatory Law and UDLC's mandatory provisions.

(2) UDLC upholds the principle of freedom of contract, recognizing the right of Parties to freely enter into agreements and determine the terms and conditions of their contracts without undue interference.

(3) UDLC and acts of shall be interpreted and understood in compliance with these principles.

Article 7 Transparency and Accountability

(1) UDLC emphasizes transparency in the creation, execution, and enforcement of Legal Statutes and Acts, aiming for Parties to have access to relevant information the Parties agreed upon, and to be aware of the relevant Digital Systems and Applications used.

(2) UDLC fosters accountability to ensure that Parties uphold their obligations and that any breach is addressed promptly and fairly.

Article 8 Technological Neutrality

(1) UDLC is technologically neutral, meaning that its provisions are designed to apply regardless of the specific platform and technologies used to create, execute, or manage Legal Statutes and Acts.

(2) Technological neutrality ensures that UDLC remains adaptable and relevant as digital technologies evolve, including but not limited to quantum, AI, and DLT technology.

Article 9 Functional Equivalence

(1) Insofar as the Applicable Law imposes substantive or formal requirements on the validity of legal transactions or the existence of a legal institution, these legal requirements shall be deemed to be satisfied under national law if the Legal Status or Act satisfies the legislative objectives underlying it in such a way that the protective purpose is at least equally well served.

(2) Whether a Legal Status or Act satisfies the legislative objectives shall be decided by the chosen Court or Arbitral Tribunal or the competent national court in accordance with Part C.

Book IV Relation to National Law and Business Practice

Article 10 Codex as Rule of Law

(1) This Codex is drafted as a Rule of Law in the sense of Art. 3 Hague Principles on Choice of Law in International Commercial Contracts (2015).

(2) Questions concerning matters governed by this Codex which are not expressly covered by it shall be settled in accordance with the general principles of this Codex or, in the absence of such principles, in conformity with the Applicable Law.

Article 11 Applicable National Law

UDLC shall complement the National Law which is determined by the Parties subject to the rules of the applicable International Private Law.

Article 12 Mandatory Law

(1) Subject to Article 11, nothing in this UDLC shall prevent a court or an arbitral tribunal from applying overriding mandatory national law.

(2) Nothing in this UDLC shall prevent a court or an arbitral tribunal from applying overriding mandatory law or taking into account public policy (*ordre public*), or from applying or taking into account overriding mandatory law of the jurisdiction which would be applicable in the absence of a choice of law, or taking into account overriding mandatory provisions of a law other than the law chosen by the Parties, if the court or the arbitral tribunal is required or entitled to do so.

(3) It is the sole responsibility of the Persons using the UDLC as a Legal Framework to exercise their Legal Acts in such a way that they comply with the Applicable Mandatory Laws.

Article 13 Business Usage and Practise

(1) Business Usage and Practice are rules considered to be applicable by Persons in the same situation as the Parties, except where the application of such usage would be unreasonable or not reasonably applicable to Digital Statutes and Acts.

(2) The Parties are bound by any usages to which they have agreed and by any practices they have established between themselves. UDLC recognizes established business practices and customs, provided they do not conflict with the Purpose and General Principles of UDLC.

(3) If the Parties to a Digital Transaction wish to exclude Business Usage and Practice, the Parties need to agree to affirmatively opt out of such Business Usage and Practice.

Book V Rules of Interpretation

Article 14 Interpretation of the Applicable Law

Applicable Law shall be interpreted, within the limits of national methods of interpretation, in accordance with the will of the Parties to conduct their Legal Statutes and Acts under the UDLC, taking the utmost account of its rules.

Article 15 Interpretation of UDLC

(1) Provisions within UDLC shall be interpreted in a manner that avoids contradictions and ensuring coherent application of the rules. Where inconsistencies arise, the specific provisions related to the subject matter at hand shall take precedence over general provisions. Any ambiguities in UDLC shall be resolved in a manner that aligns with its general principles and the principles of the Applicable Law.

(2) The interpretation of UDLC provisions shall prioritize the intent of the Parties, the specific context of the Legal Status and Act, and the overall objectives of UDLC.

(3) In ascertaining the actual will of the Parties, all means by which that intention and will may be expressed shall be considered, such as the manner of Coding and the various ways in which Parties may express their will, such as the written texts, oral agreements, signs, gestures, plans, documents, or circumstances.

(4) In interpreting UDLC provisions, consideration should be given to international digital transaction standards and practices.

(5) Interpretation of UDLC provisions shall take into account the continuous evolution of digital technologies and practices.

Article 16 Interpretation of Codes

(1) Subject to special circumstances, the Parties are not obliged to check the related executing Codes.

(2) If the Parties have had a reasonable opportunity to simulate the outcome of a contract before it has entered into force, the Parties are presumed to be aware of the possible effects of that contract.

(3) In interpreting of Legal Statutes and Acts, the corresponding State Will of the Parties according to Article 46 shall prevail over the Code.

(4) In case of dispute, when interpreting Encoded Legal Statutes and Acts, the Code shall be read and interpreted in favour of the Party who has had no influence on the choice of the programme or the manner of Coding (in *dubio contra programmatores*).

Article 17 Interpretation by Code

In interpreting UDLC and Applicable Laws, the human understanding shall prevail over the outcome resulting from a largely automated application of these sources of law.

Article 18 Precedencies

(1) Precedents established by National Courts, Arbitral Tribunals, and Alternative Dispute Resolution (ADR) systems that arbitrate disputes under UDLC shall be taken into consideration in the interpretation and enforcement of similar disputes under UDLC,

provided they are consistent with UDLC's principles and the relevant national law legal framework.

(2) Any decision of the UDLC Arbitration Tribunal shall be a guideline for the interpretation of the UDLC and reasons must be given for any deviation.

Article 19 Time Standards

(1) All references to time within UDLC shall be interpreted according to Coordinated Universal Time (UTC) unless otherwise specified by the Parties in their contract.

(2) For cross-border digital transactions where participants are in different time zones, the contract must explicitly state the applicable time zone or refer to UTC to avoid ambiguity. If not specified, UTC shall apply by default.

(3) Accurately recorded timestamps using secure and verifiable methods shall be recognized as authoritative and conclusive evidence of the time and date of a relevant action, unless there is demonstrable evidence of tampering or error.

Part B Substantive Rules

Book I Digital Identity

Article 20 Purpose

(1) This Codex outlines the legal framework governing digital identity under UDLC.

(2) It establishes the principles and rules for the recognition and verification of the Parties' identities and legal actions through their identifiers and signatures across various platforms and jurisdictions, providing a foundation for trust and accountability in digital Transactions.

Section 1: Types of Identities

Article 21 Identity

An Identity is the unique existence of a subject, digital and physical object, data, or programme including but not limited to AI-Systems.

Article 22 Legal Identity

A Legal Identity is an Identity to which rights and obligations are attributed based on the Applicable Law, in particular Natural and Legal persons.

Section 2: Identifier

Article 23 Definition and Purpose

(1) An Identifier is a unique digital representation of the Identity represented by a string of characters, codes, hashes, NFTs, data points, or other means that serve to distinguish one identity from another.

(2) Identifiers are used to authenticate, verify, and track Identities, ensuring that the Legal Statuses and Acts are correctly attributed.

(3) A Legal Identity can have multiple Identifiers.

Article 24 Identification Process

(1) The creation and assignment of an Identifier requires an Identification Process that confirms that the Identifier accurately represents the Identity by using reliable and acknowledged methods and identification technologies such as of biometric data, reputation accounting in Digital Contracts, digital certificates, or government related identification.

(2) Identifiers are presumed to have a verifiable and unique link to an Identity if the technology used ensures that they are secure, verifiable, and resistant to fraud and is under the exclusive control of the Identity.

(3) There is a legal presumption that an Identifier relates to the corresponding Identity.

Section 3: Executing Legal Acts

Article 25 Signature

(1) The Signature is the technical proof between the Identifier and any Digital Information.

(2) Where either the Parties or the Applicable Law require more than one signature to trigger a change of Legal Rights and Statuses, this requirement shall be met by Signatures of all the Legal Identities (Multi Signature).

(3) Where either the Parties or the Applicable Law require more than one signature on behalf of a Legal Identity, including but not limited to Natural Persons representing a Legal Person, this requirement shall be met by Signatures of all of the relevant Legal Identities related to the respective Legal Identity, which jointly trigger a change of Legal Rights and Statuses (Collective Signature).

Article 26 Representation

A Legal Identity can authorize as Principal another Legal Identity as Agent to act on behalf of the Principal to create or change Legal Statuses and Acts by using his or its Identifier.

Book II Digital Ownership Rights

Section 1: Preamble

(1) This Codex outlines the legal framework for digital ownership rights under the Universal Digital Law Codex (UDLC).

(2) It establishes the principles governing the recognition, transfer, and protection of Digital Objects, defines the rights and responsibilities of creators, authors, and owners, and addresses the interaction

between digital ownership under UDLC and national ownership laws.

(3) The provisions are designed to ensure clarity, security, and fairness in the management of Digital Objects across various platforms and jurisdictions.

Section 2: Digital Objects

Article 27 Digital Information

(1) A Digital Information is any digital object, programme, or data.

Article 28 Digital Objects

(1) A Digital Object is a rival Digital Information having an Identity.

(2) An object is rival if the control of the object excludes or impacts the means of control of the same object by another Identity.

(3) A Digital Object is subject to Digital Ownership and Control.

Section 3: Digital Ownership Rights and Control Rights

Chapter 1: Definitions

Article 29 Digital Ownership

(1) Digital Ownership is a comprehensive right to, including, but not limited to, own, use, commercialize, transfer, consume or delete a Digital Object.

(2) Digital Ownership authorizes to execute the Digital Ownership rights and to defend the Digital Ownership against anyone.

(3) Digital Ownership requires direct or indirect Control over the Digital Object.

Article 30 Digital Owner

The Digital Owner is a Legal Identity directly or indirectly executing Digital Ownership.

Article 31 Digital Control and Controller

(1) Digital Control is the actual technical possibility of an Identity to exercise full power over a Digital Object, including, but not limited to, changing its Legal Statuses or performing transactions.

(2) Digital Control may also be exercised jointly or severally if the relevant Digital System so allows.

(3) The Legal Identity having Digital Control is the Digital Controller.

Chapter 2: Establishing Digital Ownership

Article 32 Original Establishment of Digital Ownership

The first digital ownership on a Digital Object is established once the first Legal Identity acquires Digital Control of this Digital Object.

Article 33 Acquisition of Digital Ownership by transfer

The transfer of a Digital Ownership on a Digital Object requires a valid Agreement between the Digital Object Transferor and the Ownership Transferee on the transfer of Digital Ownership and the transfer of Digital Control of that Digital Object.

If the Digital Object Transferor was not authorized to transfer the Digital Object or was not the Digital Owner, and if the Ownership Transferee receives that Digital Object in good faith, the Digital Ownership of the Ownership Transferee shall be established and protected. However, the Ownership Transferee shall, for the period of five years after the transfer, be obliged to retransfer Digital Ownership to the initial Digital Owner against compensation of the potential purchase price and/or value.

Article 34 Termination of Digital Ownership

The Digital Ownership of a Digital Object is terminated when any control over the Digital Object is made impossible or when the Digital Owner relinquishes control of the Digital Object and the will to be the Digital Owner of that Digital Object.

Chapter 3: Protection of Digital Ownership and Other Property related rights

Article 35 Retransfer of Digital Object

Upon the request of a Digital Owner, any person having Digital Control on a Digital Object without a legal justification must transfer the Digital Control to the Digital Owner.

Article 36 Transfer of Digital Objects' profits

Unless otherwise agreed, all profits and returns associated with the existence and/or use of the Digital Object belong to the Digital Owner.

Article 37 Digital Pledge of Digital Objects

(1) A Digital Pledge is a bankruptcy-remote preferential right on a Digital Object.

(2) In order to pledge a Digital Object, the pledgor shall transfer the Digital Control to either the pledgee, a third party, or a digital program capable of exercising Digital Control.

Chapter 4: Digital Transfer of Rights Object (DTRO)

Article 38 Definition

A DTRO is a Digital Object of which the purpose is to evidence and transfer Legal Rights and Statuses related to contractual and negotiable rights or any other digital or physical object.

Article 39 Contractual and Negotiable Rights

(1) If any transferable contractual and negotiable rights are stipulated in a DTRO, these rights can only be exercised by the Digital Controller of the DTRO.

(2) Any payments or other contributions based on a DTRO to the Digital Controller shall be releasing unless the obliged party should have known that the Digital Controller has had no legal entitlement to the Digital Control.

(3) With the transfer of the Digital Control of the DTRO all contractual and negotiable rights stipulated in the DTRO shall go over to the transferee.

Article 40 Rights in Rem

(1) Any property right on a physical object is represented by a DTRO if (a) if the terms of the DTRO define that the property rights on the Underlying Physical Object (UPO) are linked to DTRO, and (b) if the Identity of the DTRO is reliably linked to the Identity of the UPO.

(2) The transfer of the DTRO representing a UPO shall substitute the transfer of the physical control (possession) in order to transfer the ownership on that UPO.

Article 41 IP-Rights

In case of intellectual property or equivalent rights not requiring any registration according to the applicable National Law, the Article 39 and Article 40 shall apply mutatis mutandis.

Chapter 5: Relation to National Property Law

Article 42 Functional Equivalent application of national Property Law

In line with Article 9 UDLC the applicable National Property Law shall complement the provisions of this Book in a functionally equivalent manner.

Article 43 Deviating national Ownership Law

If the applicable national Property Law provides for rules which are in direct conflict with the provisions and spirit of this Book, the Parties hereby undertake not to initiate any legal steps or proceedings to enforce such rights or to make any claims based on these.

Book III Obligations, Contracts, and Corresponding Rights

Section 1: Applicable Rules

Article 44 Preamble

This Codex establishes the legal framework for obligations, contracts, and corresponding rights under UDLC. It sets forth the principles and procedures for the formation of legally binding wills, the creation and execution of contracts, the transfer of rights, and the provision of liabilities, guarantees and warranties.

Article 45 UNIDROIT Principles of International Commercial Contracts

By choosing to apply the UDLC, the Parties also agree to use the UNIDROIT Principles of International Commercial Law 2016 as the basis for their contractual relationship, unless the UDLC provides different rules or the parties expressly exclude these Principles from their agreement.

Section 2: Formation of Legally Binding Will

Article 46 Definition of Will

(1) A Will is the actual intent of a Legal Identity.

(2) A Stated Will is a Will that is expressed to one or more Legal Identities with the intention of being legally bound by what has been expressed, and of creating or changing Legal Rights and Statutes.

(3) The Recipient of and direct or indirect statement of a Legal Identity can assume that such a statement is a Stated Will, provided that they have justifiable reasons to believe so in accordance with the Applicable National Law.

Article 47 Form of Expression

(1) The Stated Will can be expressed either explicitly or implicitly, directly or indirectly and via any means of communication, in particular via Digital Systems.

(2) It can be presumed that any information received which is linked to an Identifier according to Article 23 is a Stated Will by the respective Legal Identity except in constellations of bad faith.

(3) A Legal Identity acting as Principal that uses another Identity as Agent to create a will and/or to communicate a Stated Will shall be bound, unless this Principal can prove that the receiving Legal Identity should have had a clear reason to believe that this information was not a Stated Will at all, or was not the correct Stated Will.

Section 3: Formation of the Contract

Article 48 Validity of Contract Formation

(1) A contract under UDLC is formed when two or multiple legal identities have expressed correspondent Stated Wills on the essential terms, including the subject matter, consideration, and any conditions precedent.

Article 49 Form Requirements

(1) If not excluded by the Applicable Mandatory Law that cannot be substituted by the Principle of Functional Equivalence according to Article 9, the formation of a contract does not require any particular form.

(2) Subject to rules of interpretation in Book V the terms expressed in code, such as those within a Digital Contract, are legally valid and enforceable even when not provided in natural language.

Section 4: Guarantees and Warranties

Article 50 Nature of Guarantees and Warranties

(1) Guarantees and warranties under UDLC refer to the assurances provided by one Party to another regarding the quality, performance, or condition of the subject matter of a contract.

(2) Guarantees and warranties may be expressly stated in the contract or implied by law, depending on the nature of the transaction and the applicable UDLC provisions.

Article 51 Enforcement of Guarantees and Warranties

(1) UDLC provides mechanisms for the enforcement of guarantees and warranties, including the right to repair, replacement, or refund in cases where the terms of the guarantee or warranty are not met.

(2) Parties may seek redress through UDLC's dispute resolution framework if there is a breach of any guarantee or warranty provided under the contract.

Article 52 Limitations and Exclusions

(1) Any limitations or exclusions of guarantees and warranties must be clearly stated in the contract and must comply with UDLC's principles of fairness and transparency.

(2) Limitations or exclusions that are deemed unfair or unreasonable may be rendered void by UDLC authorities.

Book IV Specific Contracts (to be discussed)

Section 1: Preamble

(1) This Codex establishes the legal framework for specific types of contracts under UDLC. It outlines the principles, rights, and obligations associated with various contract types, including sales, rentals, donations, custody, licenses, supply chain management, real estate, prediction markets, gaming, e-commerce, music streaming, healthcare, election/voting, financial instruments, and securities trading. The goal is to ensure that these contracts are executed and enforced with clarity, transparency, and fairness within UDLC framework.

The following sections will consider various specific contracts to codify the content required for digital transactions, including, but not limited to, those relating to custody, licences, donations, e-commerce, elections and voting, financial instruments, gaming, healthcare, prediction markets, music and content streaming, real estate, rentals, sales and securities trading (in alphabetical order).

Book V DAO and Enterprises

Section 1: Introduction

Article 53 Preamble

(1) This Book provides rules for Decentralized Autonomous Organizations (DAOs) under UDLC in the form of contractual standards between DAO Members.

(2) These rules regulate the internal relationship between DAO Members and between the DAO and its Members, insofar as they can be validly agreed by the Parties.

(3) The external relationship between the DAO and third parties are subject to the Applicable National Law.

Article 54 Definition

(1) A Decentralized Autonomous Organization (DAO) is a collective of Identities that pursues a common goal through a decentralized and transparent decision-making process.

(2) A DAO may or may not be a Legal Identity according to Article 22 UDLC.

Section 2: Agreement and Membership

Article 55 DAO Agreement

(1) A DAO shall be formed on the basis of a DAO Agreement, which sets out the relevant terms and rules of the DAO in question. This agreement may consist of Digital Contracts, written documents, or a combination of the two.

(2) The DAO Agreement is binding upon all DAO Members according to art. 69 UDLC irrespective of the time of joining.

Article 56 Membership

(1) Any Legal Identity who have consented to join the DAO based on a sufficiently accessible DAO Agreement, explicitly or implicitly, by interacting with its Digital Contracts or governance systems becomes a DAO Member.

(2) Membership may be represented by holding tokens, reputation, or other Identifiers specified in the DAO Agreement.

(3) DAO Members owe each other duties of good faith, transparency, and loyalty within the scope of the DAO Agreement.

Article 57 Governance and Structure

(1) DAO governance shall be conducted according to the procedures set forth in the DAO Agreement.

(2) The DAO Agreement shall define the decision-making procedures, quorum and majority requirements, procedures for amendment of rules, and delegation of powers to committees, working groups, or autonomous agents.

Section 3: Rights and Duties

Article 58 Rights and Duties of DAO Members

(1) DAO Members have the right to participate in governance, receive information, and share in benefits generated by the DAO as set out in the DAO Agreement.

(2) DAO Members may be required to contribute funds, services, or expertise as a condition of membership.

(3) DAO Members shall refrain from actions that would cause disproportionate harm to the DAO or its DAO Members.

Article 59 Internal Liability

(1) DAO Members are liable towards each other only up to the amount of their agreed contributions, unless otherwise stipulated in the DAO Agreement.

(2) External liabilities of the DAO shall be satisfied first and primarily from the DAO treasury and assets under its control.

(3) If an external claim is brought against a DAO Member for actions undertaken in good faith on behalf of the DAO and within its mandate, the DAO shall indemnify such Member out of the DAO treasury. No indemnification shall apply beyond the DAO treasury and where the Member acted with gross negligence, wilful misconduct, or in bad faith.

(4) Nothing in this Article limits the application of mandatory provisions of national law. Where such provisions impose additional liability, DAO Members agree to allocate such liabilities internally in proportion to their agreed contributions, unless otherwise stipulated in the DAO Agreement.

Article 60 Treasury and Assets

(1) The DAO Agreement shall define rules for the management and control of DAO treasury and assets.

(2) Assets held in Digital Contracts under DAO control are presumed to belong to the DAO collective and not to individual Members.

(3) Transfers of treasury assets require compliance with the governance procedures defined in the DAO Agreement.

Article 61 Relation to Mandatory Corporate laws

(1) Where a DAO or its Members establish a wrapper legal entity under national law, the internal contractual rules of this Book continue to govern the Members' relationship, unless mandatory corporate law overrides them.

(2) DAO Members expressly agree not to invoke contradictory provisions of national corporate law against each other, insofar as such provisions conflict with the DAO Agreement or this Book.

Section 4: Termination

Article 62 Termination and Dissolution

(1) A DAO Member must have the possibility to exit the DAO according to the rules of the DAO Agreement without incurring unreasonable costs.

(2) The DAO Agreement must provide for conditions under which the DAO is dissolved and assets distributed.

(3) In dissolution, DAO assets are distributed according to contributions, token holdings, or other parameters defined in the DAO Agreement.

Part C Dispute Resolution (to be discussed) TO BE DISCUSSED

Part D Universal Digital Evolution Codex (UDLC) - Common Provisions

Book I Preamble

(1) The UDLC is subject to a continuous process of improvement and adaptation to new technical and legal developments.

(2) The UDLC Governing Council is responsible for adapting the UDLC rules, which are subject to the following regulations.

(3) To this end, the UDLC Governing Council will establish the necessary structure in the form of a UDLC DAO.

Book II Governance

Section 1: Amendments

Article 63 Consistency

Any amendments made to one Book of UDLC Codex must be consistent with the overall objectives and principles of UDLC. Amendments should not create conflicts or inconsistencies within UDLC legal framework.

Article 64 Minimal Requirements

(1) The UDLC Codex may be amended by the Governing Council with input from legal experts, stakeholders, and relevant authorities.

(2) All amendments must be communicated in advance, allowing reasonable time for implementation. A consultation process involving affected parties, industry representatives, and organizations is required before finalization, ensuring potential impacts are considered.

(3) Amendments should include a clear implementation period and generally apply prospectively unless otherwise justified. Any retroactive changes must be explicitly stated and fairly justified.

(4) In exceptional situations requiring urgent action, the Governing Council may enact emergency amendments. These must be narrowly focused, well-justified, and reviewed within a defined timeframe.

Article 65 Global Applicability

The UDLC fosters international cooperation to advance digital governance. It collaborates with national and global bodies to harmonize digital laws and promote best practices, ensuring relevance and competitiveness across jurisdictions.

Section 2: Institutions

Article 66 Amendment Authority

(1) UDLC Governing Council according to holds the exclusive authority to amend any Book or provision within UDLC Codex.

- (2) Amendments may be proposed by
- UDLC Association board of directors;
 - UDLC Association Assembly;
 - UDLC registered legal experts;
 - stakeholders; or
 - other relevant authorities.

Article 67 Governing Council Role

The UDLC Governing Council oversees the implementation, enforcement, and evolution of the Codex. Its responsibilities include managing amendments, ensuring compliance, and adapting the framework to digital and legal advancements.

Article 68 Stakeholder Involvement

Stakeholders, including industry experts, legal professionals, and digital entities, are encouraged to actively participate in shaping the UDLC. They may contribute to proposed amendments, enforcement strategies, and governance practices.

Section 3: Proceedings

Article 69 Process for Amendments

(1) All proposed amendments must undergo a thorough review process, including consultations with relevant experts and stakeholders. The proposed changes are then subject to a vote by UDLC Governing Council.

(3) In the event of amendments or the introduction of new provisions within UDLC, efforts shall be made to integrate these changes seamlessly with existing provisions, ensuring they are coherent and do not create conflicts within the broader framework.

Article 70 Publication and Communication

Once approved, amendments must be published and communicated to all relevant entities and stakeholders within a reasonable time frame before taking effect.

Article 71 Transparency and Accountability

The UDLC upholds transparency and accountability in all operations. The Governing Council must regularly report on its decisions, activities, and amendments to keep stakeholders informed and engaged.

Article 72 Annual Rule Review by AI

(1) Each year, an AI language model reviews the Codex and recommends outdated or unused rules for removal, subject to a vote by the Governing Council.

(2) Rule retention is guided by a dynamic system of precedent that applies legal principles only when cited in future cases, using a weighted graph-based logic structure.

Article 73 Legal Garbage Collection and Removal

(1) The Governing Council will conduct regular reviews to keep the Codex aligned with evolving digital technologies.

(2) Each provision is subject to a comprehensive review every five years, assessing its relevance,

effectiveness, and alignment with technological and legal developments such as AI, blockchain, and quantum computing.

(3) A summary report will be issued after each review, outlining any changes or decisions to maintain, amend, or remove provisions.