



# Will Blockchain Technology Transform Dispute Resolution in the Sharing Economy?

Insights

11.27.17

Over the last few months, there has been a lot of discussion about Blockchain technology and its potential to revolutionize and transform the sharing or gig economy. If you're like me, your first question might be, "What the heck is Blockchain?"

Need a crash course? Back in March, my colleague [Adam Bridgers wrote a fantastic introduction](#) to Blockchain technology and its potential impact on employment and workplaces. It makes for compelling reading, and is a great introduction to this topic for the uninitiated. As Adam explained:

*"In a nutshell, Blockchain technology allows people to exchange things of value with one another without the trusted middlemen we normally rely on to authenticate transactions, such as governments, banks, or even ride-sharing platforms. It allows us to authenticate and exchange assets, like virtual currency, intellectual property, titles, credentials, resumes, contracts, and personal data, on a decentralized virtual ledger.*

*Blockchain is a decentralized database that stores a ledger of assets and transactions across a peer-to-peer network, and uses its network to authenticate transactions. Authentic transactions are then cryptographically secured and stored in blocks of data, which in turn are cryptographically linked and secured. This allows Blockchain transactions to be verified, monitored, and enforced without the presence of a trusted third-party or institution."*

This new technology clearly has some potentially monumental implications for the sharing economy. My colleague Rich Meneghello discussed a number of these issues in [an April blog post](#) on how Blockchain might impact the sharing economy specifically.

Both of these pieces make for a great introduction to this topic, and are well worth your time.

One of the more fascinating issues to pop up is the potential for Blockchain technology to revolutionize the resolution of disputes between sharing economy platforms, customers, and workers.

One appeal of Blockchain is that it could give workers even more freedom than they currently enjoy by allowing workers to operate directly with customers, without a trusted third-party intermediary. [As Rich Meneghello discussed in April](#), such use of Blockchain technology could end the argument

about whether gig workers are misclassified as independent contractors because gig employers could act simply as user interfaces programmed to use a Blockchain to facilitate transactions between workers and customers.

But this technology could also be used to streamline and improve resolution of disputes, even within more traditional sharing economy models. In fact, it's already happening. One prominent Blockchain-based platform, [Coinlancer](#), features a dispute resolution process where a "tribunal" of freelance workers review disputes and cast votes in favor of one party or another. The decision is implemented by a "smart contract" that immediately releases funds held in escrow to the prevailing party. A recent [article](#) described this process as "anonymous crowd wisdom." While that thought might sound scary to employers, think for a moment about the potential implications. Much of the current debate in the sharing economy centers on whether these workers are being treated "fairly" or not. Worker dissatisfaction may be a significant factor driving litigation challenging employment status, or efforts to unionize workers or otherwise allow them to engage in collective action. Could Blockchain technology change all of that?

What if there was a simple, cheap, and quick way for these workers to resolve disputes, either with platforms or with customers? Would the greater sense of freedom that accompanies a peer-driven process be preferable to these workers over more traditional dispute-resolution techniques, including litigation? Would it dampen their desire to engage in collective bargaining to resolve disputes?

Lots of questions remain. Would this online dispute resolution of "quasi-employment" issues be binding on courts or administrative agencies? What about res judicata or collateral estoppel? Would there be any ability to appeal these decisions to a higher judicial authority? Could sharing economy freelancers be required to agree to resolve disputes via this process rather than class-action litigation?

There are many other unanswered questions. But it's mind-boggling to contemplate how this new technology may have the ability to transform the traditional resolution of disputes over issues like employment. Or for that matter, the legal profession in general. Beyond the sharing economy, why couldn't Blockchain technology be used to resolve any manner of disputes that traditionally wind up in litigation? [As Adam Bridgers has noted](#), the most promising feature of Blockchain is its ability to allow a "smart contract" to self-enforce. This potentially allows for substantial savings on costs associated with enforcement, such as legal fees, court costs, and more.

The implications are potentially enormous. All of us are in for a fascinating ride as we see where this new technology takes us.

## ***Related People***

---





**Benjamin M. Ebbink**

Partner

916.210.0400

Email