KLEROS GENERAL COURT

Mente vs Coop. Kleros

Case #168

March 26th, 2020

Summary

Due to an error in the dispute resolver user interface, developed by the Coopérative Kleros, the Claimant could not successfully appeal the case #164, even when, according to the interface, the appeal was 100% funded.

In this document the following topics will be addressed:

● The importance of the appealing system to the decentralized justice mechanism, by Kleros' own words.

● That the funds were retained by four days due to the user interface misinformation.

The user interface of the Kleros Cooperative erroneously produced the case closure without giving the opportunity to appeal the first round result. Beyond the economic damage produced to the appeal founder, it is important to stress that the resulting lack of justice can potentially undermine confidence in the protocol, should the issue remain ignored.

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1.   DISPUTE STATEMENT

Kleros, in a storytelling campaign valid between 10/12/2019 and 11/02/2020, rewarded people for spreading the word of Kleros using different means like social networks post, articles, stories, cartoons, among others. See this blog post for more information. Each participant's reward amount was determined based on criteria like originality, quality and reach.

On February 29, 2020, Kleros published the list of rewards through the Kleros Telegram Group, assigning to address 0x555F187F869b54DAe54FDE01830D14CCFbe6A882 (#87) a total of 2 points by the Instagram post https://www.instagram.com/canaslan1/

On March 2, 2020, a claimant filed a dispute arguing that address 0x555F187F869b54DAe54FDE01830D14CCFbe6A882 (#87) should be rewarded with a total of 4 points.

On March 9, the first round was closed with two votes of the Kleros Jurors for the Yes, and one vote for the No. The appealing time starts.

On March 11, 2020 at 17:03:17 UTC, the transaction for the appeal in favor of the loser part was executed by the ethereum network to fund the appeal, with the 100% of the amount that the user interface showed (0.868 ETH), a few minutes before the deadline. See Figure 1.
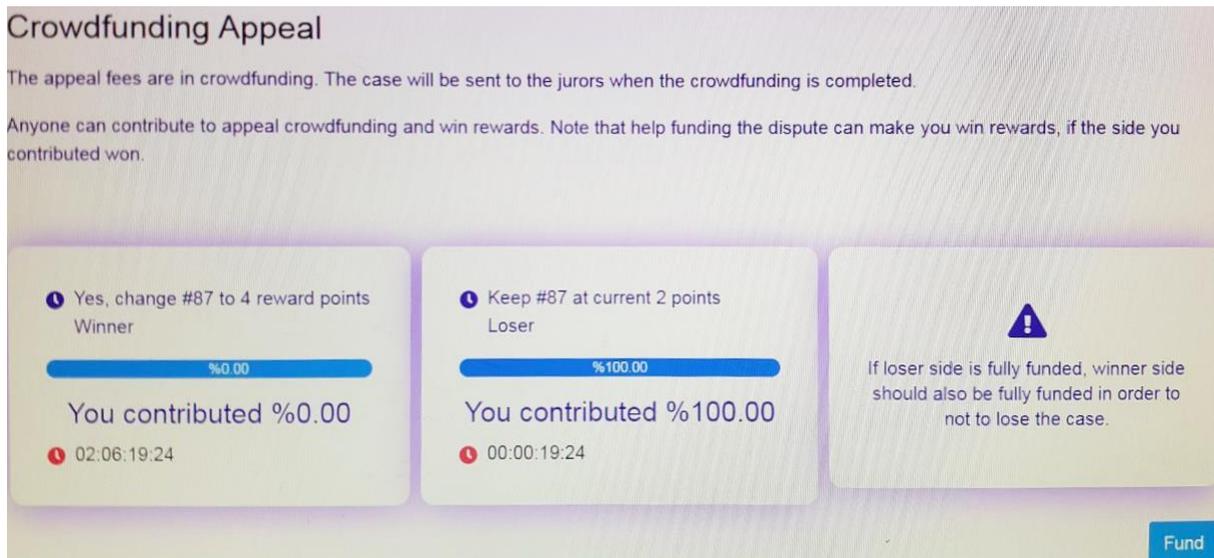

Figure 1. The UI shows the 100% of the appeal funded.

After the appellant deadline ended, the UI changed showing that the appeal was just funded at 50% of the total funds needed. The issue was informed to the appellant by one of the Kleros Cooperative developers. We remark that the remaining time in Figure 2 is time for

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funding the appeal by the first round winner. The appellant funding time had already ended with no chance of adding more funds.

Crowdfunding Appeal

The appeal fees are in crowdfunding. The case will be sent to the jurors when the crowdfunding is completed.

Anyone can contribute to appeal crowdfunding and win rewards. Note that help funding the dispute can make you win rewa contributed won.

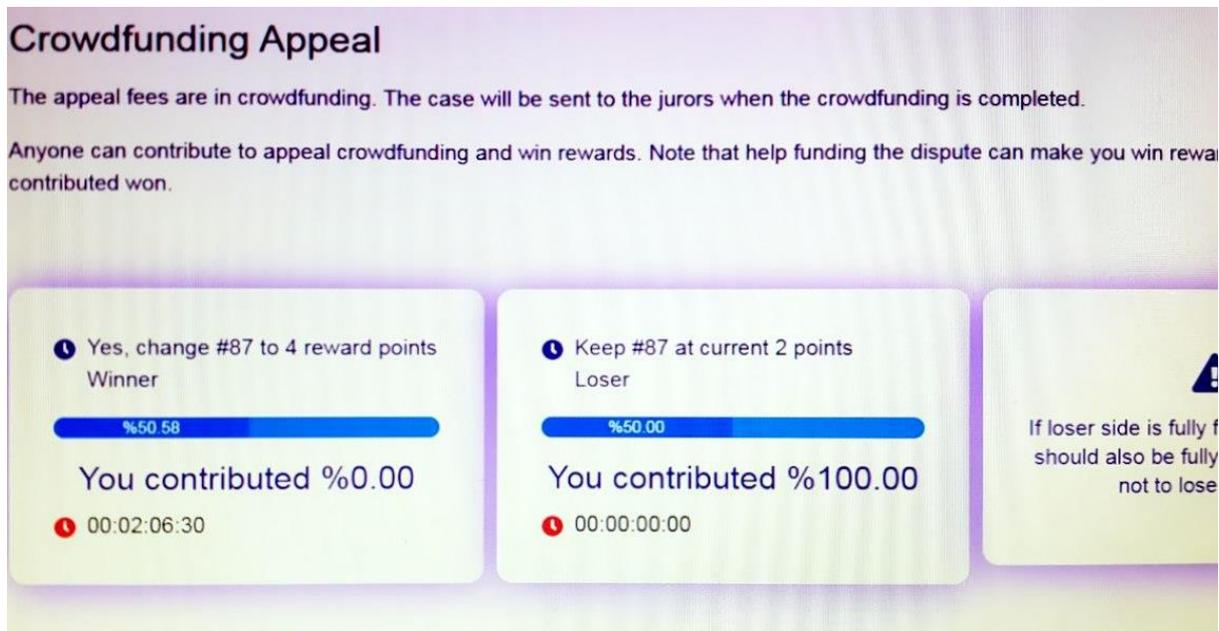| Yes, change #87 to 4 reward points Winner | Keep #87 at current 2 points Loser | If loser side is fully f should also be fully not to lose |
%50.58	%50.00	
You contributed %0.00	You contributed %100.00	
00:02:06:30	00:00:00:00	

Figure 2. The UI changed, and now shows the 50% of the appeal funded.

On March 13, 2020 at 23:37:32 UTC, because the appeal was not 100% funded, the case was closed with two votes of the jurors for "Yes, change #87 to 4 reward points" and one for "No, Keep #87 at current 2 points".

On March 15, the developers of the Kleros Coopérative, created a button to withdraw the ETH blocked due to the UI mistake (Issue closed on github). The ETH of the appellant could be released, _four days after the appeal was funded._

2. EXPLANATORY STATEMENT

2.1. LEGAL STANDARDS

Kleros is a dispute resolution protocol running on the Ethereum blockchain and based on crypto-economic mechanisms. For more information, visit the official website and its blog.
For this case, Kleros Cooperative and the Claimant accept the conditions of the Kleros General Court protocol.

2.2. DISCUSSION

As Kleros establishes in the Whitepaper, the appealing system is an intrinsic feature of the system that provides it with Bribe Resistance, i.e. the capacity to discourage jurors being bribed. Citing the white paper:

"If, after the jury has reached a decision, a party is not satisfied (because it thinks the result was unfair), it can appeal and have the dispute ruled again. Each new appeal instance will have twice the previous number of jurors plus one. Due to the increased number of jurors, appeal fees must be paid (appeal fees=new amount jurors · average fee per juror). Due to arbitration fees being paid to a number of jurors which increases exponentially as one appeals, arbitration fees also rise exponentially with the number of appeals. This means that, in most cases, parties won't appeal, or will only appeal a moderate amount of times. **However, the possibility of appealing a high number of times is important to prevent an attacker from bribing the jurors** *(See the section on Bribe resistance)."*

Also, as Kleros said, the appealing system is an important way to participate in the Decentralized Justice (https://blog.kleros.io/kleros-decentralized-token-listing-appeal-fees/). In this case, it's explained for the TCR, but the same logic works for all the cases in Kleros. In the link of the blog post it's detailed why it's so important the crowdfunded appeal system, for the integrity of the protocol, citing the Kleros blog post:

"[...] This could become problematic if one of the parties to a case can, despite losing votes by the jurors, appeal beyond the point where the other party can afford to pay the appeal fees. We have made a number of design choices regarding the structure of the appeal fee process in order for Kleros to provide just outcomes, even when one of the parties has much greater resources than the other."

In our understanding, the Kleros Cooperative must be held responsible for the UI error that prevented the effective appealing of case 164, failing in providing justice and putting at risk the Bribe Resistance property of the protocol. Furthermore, we remark that the appealing System Dapp does not have a disclaimer statement informing, for example, if it is a development in beta testing. As a consequence, ***the user is implicitly encouraged to use it as a bug free application***. Actually, for some dapps (Linguo or GTCR at this moment) exist an advice of "product under development", so any user is advised that these products are not 100% bugs free, or close to be launched (see Figure 3). ***Why not use some similar disclaimer that the UI could hold some bugs in the interaction with the smart contract?. Why not encourage you to show how to interact with the smart contract?***
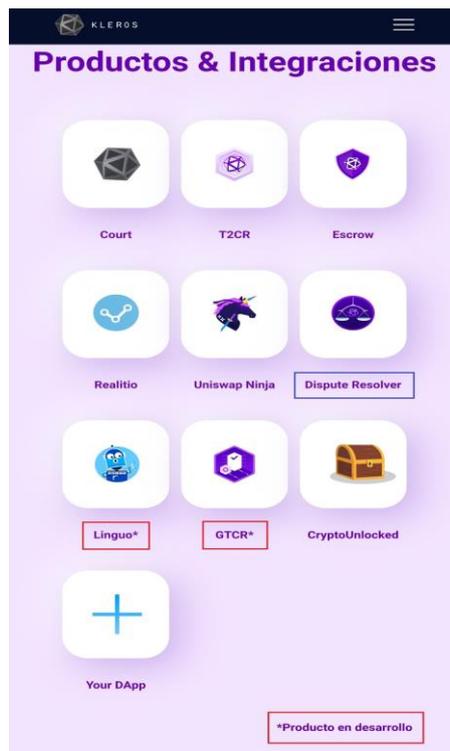

Figure 3

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If you are promoting, and pushing to Decentralize the Justice, you provide a tool and dapps to create disputes, the environment for the jurors to vote, and the appealing system, you must provide a reliable system, or at least, advice to the users that this UI could do exactly the opposite that you are looking for, *justice*.

For the reasons described above, the Claimants request an indemnification of 10 ETH. The amount is based on the compensation that the Kleros Coopérative pays as rewards to people who reveal errors in some of the Dapps they develop ([TCR Bounty](#) or [Kleros Bounty](#)), but mainly on the damages due to the lack of justice caused to the appellant in the case 164. Also, a bonus that recognizes the loss of profit of the money stacked in the appeal.

WE ASK THE JURY TO SET A PRECEDENT IN THE LACK OF JUSTICE AND RULE IN OUR FAVOR.

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