



David A. Boag

BOAG | LAW, PLLC
447 Broadway, Ste. 2-270
New York, NY 10013
212.203.6651
dab@boagip.com

July 13, 2022

Compound Finance
(d/b/a Compound Protocol, Compound Finance, compound.finance)
COMP Owners and Compound Finance Governance

via forum post to www.comp.xyz
via Twitter to twitter.com/compoundfinance

RE: Compound Finance's Use of U.S. Patent No. 10,025,797: Method and System for Separating Storage and Process of a Computerized Ledger for Improved Function

Dear COMP Owners and Compound Finance Governance:

Our firm represents True Return Systems, LLC ("TRS"). As we previously advised, we believe that MakerDAO is using the technology claimed in TRS's [U.S. Patent No. Patent No. 10,025,797](#) without a license.

Because Compound and its owners have elected to not engage with TRS, we are compelled to explore enforcement options. Accordingly, a draft Complaint for Patent Infringement is available at www.truereturnsystems.com/c-docs. The exhibits to the Complaint include claim charts that show the correspondence between the Compound systems and Claims 1 and 7 of the '797 Patent.

The novel nature of the Compound organization notwithstanding, there is a growing body of scholarship and caselaw that suggests that DAOs will be treated by a courts as general partnerships, leaving their individual members to bear the liability for infringement damages.¹

¹ See, e.g., D. Kerr et al., A Legal Framework for Decentralized Autonomous Organizations, pp. 12-13, a16z.com/wp-content/uploads/2021/10/DAO-LegalFramework-Jennings-Kerr10.19.21-Final.pdf; L. Metjahic, Deconstructing the DAO: The Need For Legal Recognition and the Application of Securities Laws to Decentralized Organizations, *Cardozo Law Review*, v. 39, pp. 1547-48 available at cardozolawreview.com/wp-content/uploads/2018/07/METJAHIC.39.4.pdf; Skadden, Arps, Slate, Meagher & Flom LLP, "The Distributed

This is a matter of urgent concern, and it is imperative that we make progress toward an amicable agreement. We remain committed to a negotiated solution but will have to consider enforcement if cannot move these discussions forward. To that end, we look forward to receiving a response within 21 days or we will advise our client of their enforcement options.

You may contact me at +1 (212) 203-6651 or at dab@boagip.com.

Very truly yours,



David A. Boag

Ledger: Blockchain, Digital Assets and Smart Contracts,” August 2021, www.skadden.com/insights/publications/2021/08/the-distributed-ledger (“In the absence of legal entity status and direction from courts or legislators, concern has surfaced among users that DAOs are general partnerships, and therefore each of a DAO’s members would be personally liable for the actions (including fraud or material misrepresentations) of the partnership and of the other general partners.”).