

ASGARDIA

PARLIAMENT



Asgardia Contracts Act

Third Reading

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Preamble and Core Principles

The Asgardia Contracts Act ensures that the formation, execution, and enforcement of contracts within Asgardia are governed by fair, transparent, and legally binding principles, protecting the rights and obligations of all parties involved.

The Core Principles are:

1. Upholding integrity, fairness, and enforceability in contractual agreements within Asgardia.
2. Guarantee that all parties entering contracts comply with terms that ensure lawful, transparent, and mutually beneficial engagements.
3. Consistent with existing legislation.
4. Ensuring good faith initiatives are considered an active element in contractual dealings, recognising the importance of civil law jurisdictions in common law countries.
5. Addressing unfair terms and conditional trends concerning contractual agreements and related consumer protections.

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Legal Authority:

The Constitution provides the overarching principles and guidelines for the Act, ensuring that it aligns with our society's fundamental values.

Article

1. Purpose

- 1.1. Contract law formalises relationships and provides a legal framework for agreements made between parties. Defining terms and conditions within a contract ensures that enterprises can confidently enter into cross-border, digital, internal, and external transactions with a transparent understanding of their rights and obligations while mitigating potential disputes or offenses. Asgardia aims to facilitate global commerce by establishing enforceable legal standards that work within Asgardia and internationally.

2. Definitions

- 2.1. **Adhesion Contracts:** Contracts presented on a "take it or leave it" basis with little room for negotiation, often containing unfair terms due to the accepting party's lack of bargaining power.
- 2.2. **Body of Precedent:** Refers to a collection of past court decisions that guide judges when deciding future cases involving similar contractual disputes.
- 2.3. **Conclusive Presumption:** This cannot be challenged in court with evidence and is considered definitively accurate.
- 2.4. **Corporate Capacity:** Refers to the legal ability of Asgardian enterprises to enter contracts, own property, and be liable for actions. It defines the scope of an enterprise's activities within a business environment, outlined by its articles of incorporation, bylaws, and relevant laws, determining legal rights and responsibilities.
- 2.5. **Counteroffer:** An offer in response to another offer in contract negotiations.
- 2.6. **Designated Authority:** An individual or entity authorised to issue instructions and ensure compliance with those requirements.
- 2.7. **Electronic Signature:** An electronic signature is a digital representation of a person's signature indicating consent to an agreement. E-signatures use cryptographic techniques to generate a digital fingerprint of the document's content and signer identity, which is encrypted and attached to the document to verify integrity and identity. In Asgardia, the following methods are considered legal signatures.
 - 2.7.1. Entering your name in an email, document, or web page.
 - 2.7.2. Clicking an "I accept" button on a web page.
 - 2.7.3. Signing with your finger on a mobile device.
 - 2.7.4. Using an e-signature solution.
- 2.8. **Exculpatory Clauses:** Clauses attempting to relieve a party from liability for their negligence can be considered unfair if they are too broad or used in situations where one party is more vulnerable.
- 2.9. **Force Majeure:** Unforeseeable circumstances that prevent someone from fulfilling a contract.
- 2.10. **Handshake Agreements:** Agreements are made through gestures like handshakes or thumbs-up and verbally with phrases like "Got it" or "You have my word." A handshake signifies reliance on the other party's promise; the harmed party can pursue legal action if it fails.
- 2.11. **Misrepresentation:** Deliberately misleading information about contract terms or the subject matter, creating an unfair advantage for one party.
- 2.12. **Novation:** The substitution of a new contract in place of an old contract.

- 2.13. **OECD:** Organisation for Economic Co-operation and Development. An international organisation that helps countries work together to improve economic and social well-being.
- 2.14. **Offeree:** A person(s) to whom an offer to enter into a contract has been made.
- 2.15. **Offeror:** A person(s) who makes an offer to another party in a contract negotiation.
- 2.16. **Privity Doctrine:** Asserts that only the parties to a contract are bound by it and can enforce it or be sued under it. Third parties generally have no enforceable rights or duties under the contract.
- 2.17. **Postal Rule:** When an offer has been previously agreed upon and mailed through a physical postal system, it is binding when sent, not received, and cannot be cancelled. This rule applies to electronic mail as well.
- 2.18. **Pro forma contract:** This is a preliminary draft or template of a contract, essentially a basic outline of the key terms and conditions that serve as a starting point for further negotiations.
- 2.19. **Promissory Estoppel:** Is a legal doctrine that allows a plaintiff to recover damages when a defendant makes a promise that the plaintiff relies on, even if there is no actual contract.
- 2.20. **Rebuttal Presumption:** A legal principle where a court assumes a particular fact to be accurate based on initial evidence. However, this assumption can be overturned if the opposing party presents sufficient evidence to disprove it.
- 2.21. **Salient Considerations:** Are the most important or relevant elements of a situation or piece of information that get attention and make an impression that can affect a situation negatively and positively.
- 2.22. **Standard Contractual Clauses (SCCs):** Are pre-approved model clauses that allow enterprises to transfer personal data outside the European Economic Area (EEA) while complying with European Union data protection laws.
- 2.23. **Unconscionable Clauses:** Contract terms that are so one-sided and unfair that a court may refuse to enforce them, often involving hidden or confusing language favouring one party excessively.
- 2.24. **Unequal Bargaining Power:** When one party has significantly more leverage than the other, the weaker party is forced to accept unfavourable terms.
- 2.25. **UNCITRAL:** United Nations Commission on International Trade Law. A subsidiary body of the United Nations General Assembly that works to harmonise international trade law.
- 2.26. **UNIDROIT:** International Institute for Unification of Private Law. An intergovernmental organisation that works to harmonise commercial and private law across countries.

3. Offer and Acceptance

- 3.1. A contract is established when another unequivocally accepts one parties clear, defined offer.
- 3.2. The offer must include essential terms (price, subject matter, and parties involved) and be communicated effectively to the offeree.
- 3.3. Acceptance must be absolute, unconditional, and conveyed to the offeror in an agreed or reasonable manner.
- 3.4. Counteroffers and conditional acceptances are treated as latest offers, not as acceptance of the original offer.
- 3.5. Acceptance is effective for a period defined in the written contract. Asgardia recognises that some countries have conditions, such as the "Postal Rule," to clarify the acceptance of specific agreements. The postal rule will be honoured as described in the definitions.
- 3.6. The UNIDROIT Principles of International Commercial Contracts delineate that parties are generally required to act in good faith. Good faith denotes the implied obligation that all parties involved in a contract act honestly, fairly, and with the intent to honor the spirit of the agreement while also avoiding situations that may jeopardise its integrity. A demonstrable and intentional effort to act in bad faith provides legal grounds for the contract's annulment or other adjudicated remedies.
- 3.7. The designated authority will make standard pro forma contracts available to facilitate contractual discussions between parties.

- 3.8. Asgardia legal system will generate a legal instrument to facilitate guidance on unfair terms in contracts and consumer agreements. These instruments will have prohibitions of:
 - 3.8.1. **Unequal bargaining power.**
 - 3.8.2. **Unconscionable clauses.**
 - 3.8.3. **Exculpatory clauses.**
 - 3.8.4. **Adhesion contracts.**
 - 3.8.5. **Misrepresentation.**
- 3.9. To the extent that a contract may be considered 'unfair' and needs to be modified, a modification will be regarded as the omission of single-entry items as long as it is negotiated and agreed upon by all parties involved. When all parties cannot agree, the contract is invalid.
- 3.10. Electronic offers and acceptances will be permitted, aligning with the United Nations Convention on the Use of Electronic Communications in International Contracts.
- 3.11. Electronic communications concerning contracts will be the same as paper contracts and must include offer and acceptance, mutual consent, consideration, capacity, and legality.
- 3.12. Electronic contracts can be enforced using electronic signatures as described in the definitions.
- 3.13. Electronic communication transmits, transfers, or receives data by converting information into electrical signals. These signals are sent through a communication channel, such as wires, lasers, optical fiber cables, radio, or electromagnetic waves, or photoelectronic or photooptical systems. The signal then reaches a receiver that decodes it back into usable information. Information can be written material, videos, images, sounds, data, or intelligence.
- 3.14. Electronic communications will have a data transfer clause that outlines how data is transferred and protected. This clause will:
 - 3.14.1. Comply with internationally accepted data protection legal instruments.
 - 3.14.2. Have defining roles and responsibilities that determine who is considered the data exporter and importer and the duties of each.
 - 3.14.3. Outline security measures and protocols for protecting data transfer.
 - 3.14.4. Clarify specific permitted purposes of data transfer.
 - 3.14.5. Consider using Standard Contractual Clauses (SCCs) provided by Earth organisational regulatory bodies to ensure compliance and facilitate cross-border transactions.
- 3.15. All electronic and physical communications related to the contract shall comply with the applicable laws of Asgardia. For instance, the provisions of the Foreign Affairs Act, specifically Articles 3, 6, 7, 8, 9, and 10, pertain to behavioural conditions. Similarly, the E-Commerce Act delineates the manner in which electronic communications are conducted. Additionally, the Asgardia Dispute Resolution Act elucidates the mechanisms for resolving disputes, while the Competition and Fair-Trade Act establishes guidelines for appropriate business practices procedures.
- 3.16. Jurisdictional dispute resolution will follow the provisions outlined in the Competition Fair Trade Act under Article 15, especially during cross-border negotiations.

4. Consideration

- 4.1. For a contract to be valid, both parties must exchange consideration, meaning something of value.
- 4.2. Consideration may be monetary, a service, a benefit, handshake agreements, guarantees, or promises to do (or refrain from) an action.
- 4.3. Consideration must be lawful and tangible.
- 4.4. International and cross-border transactions concerning contracts must consider the following:
 - 4.4.1. Choosing the governing law,
 - 4.4.2. selecting a mutual dispute resolution mechanism,
 - 4.4.3. specifying payment terms of type of currency, methods, and due dates,
 - 4.4.4. consideration of potential currency fluctuations,

- 4.4.5. aligning contractual provisions, with particular emphasis on data protection and dispute resolution,
- 4.4.6. compliance with any international treaties or conventions, and
- 4.4.7. understanding each involved country's legal and financial systems to mitigate potential risks and ensure contract enforceability.
- 4.4.8. All contract considerations are binding for all involved parties, regardless of whether they are terrestrial or extraterrestrial in nature. However, special considerations shall be addressed that consider any legal obligations between extraterrestrial and terrestrial territories, ensuring that the terms are consistent with the legal instruments that govern those territories. While space law is fluid and evolving, all contractual parties hold the responsibility of ensuring that any space-related transactions comply with current considerations of space law, which are:
 - 4.4.8.1. National space legislation enacted by sovereign nations, states, or territorial jurisdictions on Earth.
 - 4.4.8.2. International Space Law applicable to sovereign nations and private enterprises.
 - 4.4.8.3. Legislation governing contractual obligations related to space activities addresses concerns such as liability and the necessary adaptations to technological advancements.
 - 4.4.8.4. Extensive international agreements, including treaties, accords, conventions, and resolutions.
 - 4.4.8.5. The Permanent Court of Arbitration acts as a global forum for resolving disputes related to outer space activities.
- 4.5. Past consideration (given before the contract was formed) is not considered valid unless it was part of a promise, guarantee, or handshake agreement.
- 4.6. To establish legal promissory estoppel considerations, the following conditions must be met:
 - 4.6.1. **Transparent and unambiguous promise** – The defendant made a transparent and unequivocal promise.
 - 4.6.2. **Reasonable reliance** – The plaintiff's reliance on the promise was reasonable and foreseeable.
 - 4.6.3. **Detrimental reliance**—The plaintiff suffered harm or incurred expenses due to relying on the promise.
 - 4.6.4. **Injustice** – Enforcing the promise is necessary to avoid injustice.
- 4.7. Some nations still practice the use of contracts under seal, commonly known as deeds; in Asgardia, a contract under seal is a legally binding agreement between two or more parties that is signed and sealed to signify its importance and authenticity as long as the following conditions are met:
 - 4.7.1. A seal resides above the signatures.
 - 4.7.2. The term "Seal" or L.S." at or near each signature line.

5. Intention to Create Legal Relations

- 5.1. Parties must intend for their agreement to be legally binding and enforceable by law.
- 5.2. In business or commercial contexts, intent to be legally bound is generally presumed unless explicitly stated otherwise.
- 5.3. Social and domestic agreements are not automatically assumed to be legally binding unless specified.
- 5.4. Employing the principles of rebuttable and conclusive presumptions will be acceptable as these circumstances evolve based on precedent on a case-by-case basis.
- 5.5. Memoranda of Understanding (MOUs) will be regarded as having legal status, subject to all parties agreeing to the MOU or associated letter(s) of intent (LOI) in the following scenarios:
 - 5.5.1. Where specific clauses, such as confidentiality agreements, exclusivity clauses, or commitments to pay a deposit, are explicitly articulated and drafted to reflect a clear intention to be legally bound by those terms.

- 5.5.2. When an entity begins developing a product or service according to the collaborative agreements outlined among the involved parties, as stated in the Memorandum of Understanding (MOU) or Letter of Intent (LOI).
- 5.5.3. When a prospective purchaser undertakes particular measures to inhibit other entities from obtaining a target company in accordance with an exclusivity clause, it demonstrates a commitment to securing a competitive edge.
- 5.5.4. Any circumstance in which the Memorandum of Understanding (MOU) or Letter of Intent (LOI) contains agreements, provisions, options, or terms regarding payment, and all parties involved clearly express their intent concerning legal obligations or the purpose of enforcement, commences with the MOU or LOI.
- 5.6. Asgardia legal systems will generate a legal instrument to determine the terms of transferring contractual rights and obligations to third parties and when assignments or novation are permissible.
- 5.7. When agreed upon by all parties, Confidentiality clauses and non-disclosure agreements (NDAs) will be recognised as having legal force, and their breach is a salient consideration in a dispute resolution procedure or court action.

6. Capacity to Contract

- 6.1. All parties must possess the legal capacity to enter into a contract, meaning they are of legal age and sound mind.
- 6.2. Contracts involving minors, individuals of unsound mind, or legally incapacitated persons are generally void, with exceptions for necessities, people with managed disabilities, and beneficial contracts for minors.
- 6.3. Any party disqualified by law may not enter a contract, and such agreements are considered void.
- 6.4. Contracts will be conducted in line with intellectual property laws and relevant contractual provisions, ensuring enforceability and compliance.
- 6.5. Asgardian enterprises are authorised corporate capacity as outlined in the Asgardia Corporations and Enterprise Act.
- 6.6. The Asgardia Foreign Affairs Act defines the importance of bilateral and multilateral agreements, contracts, MOUs, and other areas concerning the sphere of applicability of foreign affairs. Therefore, under its provisions, Asgardian authorities engaged in foreign affairs and those they are having relations with have the capacity to contract, provided they adhere to the laws of Asgardia and other laws relating to the appropriate jurisdictions salient to a contract's sphere of applicability.
- 6.7. Contracts developed and managed through automated processes, including artificial intelligence, blockchain technology, machine learning, natural language processing, and other AI innovations, are subject to human oversight and legal responsibilities.

7. Free Consent

- 7.1. All parties must consent freely without coercion, fraud, undue influence, or misrepresentation.
- 7.2. Coercion involves threats, force, or illegal influence exerted to gain consent.
- 7.3. Undue influence arises when one party leverages power over the other to secure an agreement.
- 7.4. Misrepresentation involves false or misleading statements made to gain consent.
- 7.5. Contracts are voidable due to mutual or unilateral mistakes.
- 7.6. Innocent and fraudulent misrepresentation occurs when a party makes a false statement that induces someone else to enter into a contract. When the party making the statement genuinely believes it to be accurate, it is considered innocent and will not be considered fraudulent or negligent. The remedy for innocent misrepresentation is rescission without damages or contract cancellation. Fraudulent misrepresentation involves deceit and dishonesty; its remedy is rescission with damages awarded by a judiciary at its discretion.

- 7.7. Any individuals from Asgardia who engage in coercion, fraud, undue influence, or misrepresentation possess the right to have the issue resolved via dispute resolution in accordance with the Dispute Resolution Act or through a fair and impartial trial conducted by the judiciary of Asgardia in accordance with the Asgardia Judiciary Act.

8. Lawful Object and Purpose

- 8.1. A contract's object and purpose must be lawful and align with public policy and Asgardian law.
- 8.2. The objectives and purposes of multijurisdictional contracts must conform to the pertinent legal statutes within their respective jurisdictions, as well as aligned with global initiatives, including the UNCITRAL Model Law on Electronic Commerce, the UNIDROIT Principles, and the guidelines established by the OECD.
- 8.3. Contracts ambiguous in nature shall be governed by the Supreme Values of Asgardia, which are protected by the Asgardia Constitution and take precedence over all other legal instruments within Asgardia and the Earth Nations.
- 8.4. Breaches of public policy will occur when contracts materially conflict with existing Asgardia law. In these circumstances, existing law will take precedence.
- 8.5. If the parties involved in a partially illegal contract cannot resolve the issue, it must be adjudicated by the Asgardia judiciary.
- 8.6. The contract will address all consumer protection aspects, such as privacy, data, and guaranteed rights, and align with internationally accepted practices and Asgardian laws.
- 8.7. The contract will address all contract financial aspects, such as tax, tariffs, and fees, and will be aligned with internationally accepted practices and Asgardian laws.
- 8.8. The contract will address all aspects of intellectual property, such as use, ownership, and infringements, and will be aligned with internationally accepted practices and Asgardian laws.
- 8.9. International cross-border contracts will be given the choice of jurisdictional laws, financial considerations, and dispute resolution mechanisms used for the contract. However, those involving Asgardians will be subject to Asgardian laws.
- 8.10. Asgardia encourages a contract's lawful object and purpose to follow corporate social responsibility (CSR) methods, especially those that improve society and the environment. Responsibilities may include environmental, economic, philanthropic, sustainable, cultural, and ethical paradigms and could already be addressed in relevant Asgardia legal instruments and conditional to provisions 8.1 and 8.2.
- 8.11. As Asgardia is a circular nation in which all inhabitants support the nation itself, the following guidance is authorised to be taken into consideration by Enterprises regarding specific Corporate Social Responsibility (CSR) matters:
- 8.11.1. **Environmental:** Enterprises should consider initiatives and practices that;
- 8.11.1.1. mitigate detrimental emissions that contribute to environmental pollution through investment in cleaner transportation and manufacturing practices,
- 8.11.1.2. implement recycling and replenishment strategies that reduce waste and enhance production efficiency,
- 8.11.1.3. use sustainable packaging and delivery methods, thereby minimising excessive waste or consumption,
- 8.11.1.4. Conserve water and energy resources, which is critical for ensuring sustainability,
- 8.11.1.5. use renewable energy resources to enhance sustainability and resilience,
- 8.11.1.6. adhere to all international Corporate Social Responsibility (CSR) initiatives and legal requirements.
- 8.11.2. **Ethical:** Enterprises can embrace initiatives and practices that foster transparency, encourage accountability, and reflect a genuine commitment to addressing social and environmental issues—aiming for more than just compliance.
- 8.11.3. **Philanthropic:** Enterprises are encouraged to initiate and execute activities that contribute to the Asgardia community through charitable drives, volunteer services, scholarships, loans, grants, and other programs that enhance the Nation of Asgardia

and its citizens. These include cooperation and collaboration with the government in programs outlined in Article 9 of the Asgardia Tax Act.

9. Certainty and Possibility of Performance

- 9.1. A contract's terms must be clear, specific, and unambiguous.
- 9.2. Contract performance must be possible, feasible, and not involve unlawful or impossible tasks.
- 9.3. If the contract terms or obligations are vague or indefinite, the Asgardia judiciary may render them void or interpretable.
- 9.4. Arbitration, judicial adjudication, and mediation serve as mechanisms for addressing vagueness or ambiguity.
- 9.5. The parties involved in a contract under scrutiny are hereby authorised and encouraged to use alternative dispute resolution methods, such as mediation, to address the contested terms before seeking recourse through the judiciary or arbitration.
- 9.6. Terms deemed unenforceable may be annulled to preserve the remainder of the contract upon the decision of a designated authority.
- 9.7. Asgardia observes the privity doctrine concerning certainty and possibility of contract performance towards third parties with the following exemptions:
 - 9.7.1. The third-party assents to the promise in the contract.
 - 9.7.2. The third-party sues to enforce the contract promise.
 - 9.7.3. The third-party materially changes its position in justifiable reliance on the contract promise.
- 9.8. Third parties will be recognised under two distinct types, which are:
 - 9.8.1. Intended beneficiaries – are third parties named in the contract agreement and receive direct benefits.
 - 9.8.2. Incidental beneficiaries – third parties who receive indirect benefits from the contract but have no right to sue if the contract is not performed.

10. Performance of Contracts

- 10.1. Parties must fulfil contractual obligations in the specified manner, time, and place agreed upon.
- 10.2. When a contract specifies a deadline, performance must be completed within this period.
- 10.3. If no specific time is set, obligations must be performed within a reasonable time, as mutually agreed by the parties, or determined by a court.
- 10.4. Designated authorities are authorised to determine, on a case-by-case basis, that performance that meets a significant majority of the agreed terms of a contract is deemed to fulfil the contractual obligations under certain mitigating conditions. However, if, for some reason, those involved in the contract do not agree with the designated authority's determination, the Asgardia judiciary will make the determination.
- 10.5. Designated authorities are responsible for determining "substantial performance" and assessing the implications of force majeure, which ensures that the contract's overarching terms have been met.
- 10.6. Force majeure circumstances are as follows:
 - 10.6.1. Natural Disasters (Terrestrial and Extraterrestrial)
 - 10.6.2. "Acts of God" denote events that transcend human capabilities and are characterised by a supernatural element or context.
 - 10.6.3. The phenomena of war, terrorism, and civil unrest, including unforeseen events associated with chaotic human activities or behaviours.
 - 10.6.4. Emergency governmental measures or regulations, such as lockdowns, curfews, embargoes, and trade restrictions, are enacted to respond to urgent situations or to prevent loss of life.
 - 10.6.5. Labor disputes, such as strikes, lockouts, and labor shortages.

- 10.6.6. Epidemics and Pandemics: Comprehensive Considerations of Global Health Crises and Other Unforeseen Health Emergencies.
- 10.6.7. Issues pertaining to space, such as delays resulting from launch failures, space weather conditions, and unidentified space anomalies.
- 10.7. The designated authority will determine the resolution of circumstances under which force majeure impacts the capacity for a contract to be honoured, guiding rights and obligations when contracts are frustrated on a case-by-case basis. This will, in turn, lead to a body of precedent.

11. Breach of Contract, Dispute Resolution and Remedies

- 11.1. A breach occurs when a party fails to perform or fulfill its contractual obligations.
- 11.2. Remedies for breach include:
 - 11.2.1. Damages which will be defined as:
 - 11.2.1.1. **Expectation** – a type of compensatory damage that addresses the expectation interest of the promise.
 - 11.2.1.2. **Reliance** is a rare damage that will be awarded in promissory estoppel cases.
 - 11.2.1.3. **Restitution** – a type of damage that addresses the restitution interest.
 - 11.2.1.4. **Compensatory** – calculated based on the actual losses sustained due to the breach.
 - 11.2.1.5. **Liquidated** – a set of damages outlined in the contract agreement in anticipation of a breach.
 - 11.2.1.6. **Incidental** – The direct cost incurred due to the breach, such as storage fees, travel expenses, or additional shipping costs.
 - 11.2.1.7. **Nominal** – Symbolic damages awarded when no actual financial losses exist.
 - 11.2.1.8. **Punitive** – Permitted when the breach is tortious, such as malicious or deliberate behaviour.
 - 11.2.1.9. **Rescission** – an equitable remedy ordered by the court to undo the contract entirely.
 - 11.2.2. **Other Remedies include:**
 - 11.2.2.1. **Specific Performance:** Court order mandating the breaching party to fulfill their obligations.
 - 11.2.2.2. **Injunctions:** Orders preventing a party from acting in a manner that breaches the contract.
- 11.3. Remedies aim to restore the injured party to its original position or compel the breaching party to honour the contract.
- 11.4. Remedies should first be resolved through the dispute resolution process outlined in the Asgardia Dispute Resolution Act, which encourages mediation and arbitration as initial methods of resolving disputes.
- 11.5. Dispute resolutions will be harmonised with relevant territorial jurisdictions concerning cross-border or cross-jurisdictional transactions.
- 11.6. Remedies that cannot be solved through dispute resolution will be directed to the relevant courts where the offense occurred. However, all Asgardians have the right to a fair and impartial trial and, therefore, are entitled to have the Asgardia legal system intervene on their behalf as outlined in the Asgardia Judiciary Act.
- 11.7. Relevant Asgardian authorities will establish an online dispute resolution platform to promote easy access to mediation and arbitration in contract dealings.
- 11.8. The Asgardia legal system will generate a legal instrument guiding remedies, enforceability, ramifications, and statutory time limits for contractual claims.
- 11.9. The statutory time limitation begins on the date of the offense. Depending on the nature of the offense, such as an infraction or misdemeanour, the limit may range from one to six years, as determined by the judiciary of Asgardia. It is noteworthy that capital and felony offenses are not subject to any statutory time limitation.
- 11.10. The contract criminal offense hierarchy is as follows:
 - 11.10.1. **Infraction:** A minor offense that leads to negligible damages or consequences.

- 11.10.2. **Misdemeanour:** A principal offense that yields considerable damages or consequences yet does not inflict substantial harm upon Asgardians, the markets, or the economy of Asgardia.
- 11.10.3. **Felony:** A serious offense that results in considerable damages or consequences, which inflict significant harm upon Asgardians, the markets, or the economy of Asgardia.
- 11.10.4. **Capital:** Major offenses that are grave transgressions that lead to substantial damages or consequences, inflicting considerable harm upon Asgardians, the markets, or the economy of Asgardia, as well as resulting in loss of life.
- 11.11. Punitive measures will be proportional to the offense to ensure fairness and be set by the Asgardia judiciary.
- 11.12. The Asgardia Judiciary is empowered to transfer relevant adjudications concerning felonies and capital offenses to international and national tribunals. The severity of these offenses is significant enough to preclude an individual or entity from engaging in business activities within Asgardia or may lead to the revocation of Asgardia citizenship and residency.

12. Void and Voidable Contracts

- 12.1. Contracts unenforceable by law due to illegality or lack of essential elements are deemed void.
- 12.2. Voided contracts hold no legal weight from inception.
- 12.3. Voidable contracts are initially valid but may be cancelled by one party due to factors like the absence of free consent.
- 12.4. Contracts deemed voidable can be upheld or terminated at the discretion of the affected party.
- 12.5. Courts have the authority to correct written contracts to reflect the valid agreement.
- 12.6. Asgardia's legal system will generate a legal instrument guiding the procedures and processes for rescinding a contract and restoring parties to their pre-contractual position.
- 12.7. Contracts deemed void or voidable by the judiciary of Asgardia are afforded a period of 30 days for rectification. Subsequently, they are submitted to the Asgardia judiciary for verification. Upon approval by the judiciary of Asgardia, the contract is reinstated as enforceable.
- 12.8. Individuals or entities who inadvertently enter into voidable agreements are granted the protection of nonliability and shall not face prosecution under Asgardia law, provided that the Asgardia judiciary ascertains that the offense occurred involuntarily due to a lack of knowledge.

13. Digital Property, Artificial Intelligence, Security and Privacy Laws

- 13.1. Asgardia's contractual agreements will include standard clauses that guarantee and harmonise protections for handling and safeguarding personal data, especially in cross-border transactions. These clauses ensure compliance with territorial regulatory requirements and address aspects such as purpose, accuracy, limitations, data minimisation, and the rights of individuals or entities to access and control their data.
- 13.2. Contracting parties will ensure data protection obligations are met and must include proportionate steps to provide security against cyber threats.
- 13.3. The designated authority will administer systems to protect against cyber threats in digital assets or communications contracts.
- 13.4. AI may be used in contract formation, negotiation, and performance to ensure legal recognition and address liability issues, as long as a designated real person is responsible for the process and contract.
- 13.5. Digital contracts will align with the UNCITRAL Model Law on Electronic Commerce and relevant Asgardia laws, specifically the Asgardia E-Commerce and Digital Properties Act.

- 13.6. Asgardia is encouraged to consider, and it is permitted for use, contractual exploration, and implementation of SMART contracts approaches executed on blockchain platforms, with appropriate consideration for enforceability, modification, and dispute resolution. These considerations will include:
- 13.6.1. **Immutable ownership records**—Once a contract is registered on a blockchain using a SMART contract, its ownership details are permanently stored and cannot be altered, providing convincing evidence of who created the work.
 - 13.6.2. **Transparent usage tracking**—SMART contracts will be programmed to automatically track how contract content is used, allowing relevant parties to monitor agreements and ensure proper implementation and payments.
 - 13.6.3. **Automated payment distribution**—Integrating payment systems so SMART contracts can automatically distribute payments to relevant bodies based on appropriate metrics, eliminating the need for intermediaries and streamlining the process.
 - 13.6.4. **Automated legal jurisdictions**—Integrating legal jurisdiction systems so that a SMART contract can automatically recognise and ensure that all relevant legal jurisdictions concerning taxes, treaties, laws, consumer protections, or any other relevant areas have been addressed in the SMART contract conditions.
- 13.7. Modifying or enforcing SMART contracts must remain under human supervision, accountability, and governance. Regardless of the type of contract, the parties who bear legal responsibility shall retain that responsibility throughout the contract's lifecycle.
- 13.8. Mechanisms shall be established to ensure that this Act is capable of adapting to technological advancements and evolving commercial practices. The Minister of Equity and Resources will commence a periodic review process to incorporate any legal instruments and administrative resources deemed necessary to facilitate the review process and mechanism creation.
- 13.9. The Ministry of Equity and Resources, in collaboration with the Ministry of Education, will establish resources and guidelines designed to educate Asgardians about their rights and responsibilities under this Act.
- 13.10. Whenever artificial intelligence or related technologies, such as machine learning or blockchain, are used for any purpose, they remain under human supervision, accountability, and governance. Artificial intelligence and associated technological systems cannot assume the roles of parties responsible for initiating or executing contractual agreements.