Bitcoin's Legal Reckoning

The Battles Shaping 2026

INDIA JURIS
International Law Firm

Introduction

Bitcoin's price swings tend to dominate the headlines, but 2026 has arguably been more consequential as a legal year than as a trading year. From an unprecedented lawsuit trying to seize $293 billion in dormant coins under a lost-and-found statute, to a stalled congressional bill that could finally settle who regulates crypto in America, to long-running securities litigation against the industry's biggest names, the legal architecture around Bitcoin is being built, and contested, in real time. This publication surveys the major legal fronts shaping Bitcoin in 2026: property law, market-structure legislation, SEC enforcement, and international regulatory disputes.

The $293 Billion Property Law Fight: Who Owns Dormant Bitcoin?

The most novel legal theory to hit Bitcoin this year involves a pseudonymous plaintiff known only as “Noah Doe.” Alongside two Wyoming LLCs, Doe filed suit in New York Supreme Court on March 11, 2026, later amended on May 1, seeking a court declaration of legal ownership over 39,069 dormant Bitcoin addresses holding roughly 3.8 million BTC, worth an estimated $293 billion at the time of filing. It is believed to be the first attempt in U.S. history to claim title to Bitcoin under a lost-and-found property statute.

The legal vehicle Doe is using, New York Personal Property Law Article 7-B, was written for tangible objects, a wallet left on a sidewalk, jewelry forgotten in a taxi, not for cryptographic assets secured by private keys. That mismatch sits at the heart of the case. Because Bitcoin only moves when someone signs a transaction with the correct private key, critics argue the entire premise of “lost property” doesn't map onto the technology: unlike a bank account that a custodian can freeze and report as dormant, no one, not even a court, can transfer self-custodied coins without the key. Attorney Ian R. Cohen, in a proposed amicus brief, has argued that assets secured by private keys cannot legally be considered “lost” under existing state law, since there is no intermediary obligated to report dormancy in the first place.

The case has also raised unusual procedural questions. Because the defendants are effectively anonymous Bitcoin addresses, the court authorized an unconventional form of alternative service under New York civil procedure rules: each disputed address received a tiny payment carrying an on-chain message linking to a website hosting the legal filings, a novel use of the blockchain itself as a court-sanctioned notice mechanism.

By early June, the case hit a snag that may prove fatal to its theory. A June 2 transaction moved funds out of one of the disputed "dormant" addresses, and a New York court stayed the case on June 5 pending a July hearing. The spend undercuts the core "abandonment" narrative, if wallets long presumed dormant are still being actively controlled by someone holding the keys, the claim that they were lost or abandoned becomes much harder to sustain. Legal observers have framed the episode as a test of legal title versus private-key control: a court can declare whoever it likes the "legal owner" on paper, but Bitcoin's protocol doesn't recognize court orders, only cryptographic signatures move coins. If the case ultimately fails, it may nonetheless serve as an important precedent establishing that dormant, self-custodied crypto sits outside the reach of state abandoned-property regimes altogether.

Congress and the CLARITY Act: The Unfinished Business of Market Structure

While the Noah Doe case tests property law at the edges, the far larger legal question hanging over the entire industry is jurisdictional: which federal agency actually regulates Bitcoin and the thousands of other digital assets trading in U.S. markets? That question is the entire purpose of the Digital Asset Market Clarity Act, known as the CLARITY Act.

The bill would draw a statutory line between the Securities and Exchange Commission, which oversees securities markets, and the Commodity Futures Trading Commission, which oversees commodity derivatives. Under the House-passed framework, a "digital commodity", an asset intrinsically linked to a blockchain and deriving its value from that blockchain's use, a category that comfortably includes Bitcoin, would generally fall under CFTC oversight for spot trading, with exchanges, brokers, and dealers subject to registration and customer-protection rules. Tokens that function more like traditional investment contracts would remain under the SEC's securities regime.

The legislative path has been long. The House passed the bill in July 2025 by a lopsided, bipartisan 294-134 vote. The Senate Banking Committee advanced a revised version 15-9 in May 2026. But from there, momentum stalled. A merged, more than 600-page Senate text emerged on July 22 carrying a first-of-its-kind ethics provision, and disputes over that provision, along with unresolved fights over whether stablecoin reward programs should survive in the final text, and how far legal protections for software developers should extend, left Senate leadership unable to secure the 60 votes needed to overcome a filibuster before the chamber's August recess. Prediction markets tracking the bill's odds of becoming law in 2026 reportedly fell from as high as 82 percent earlier in the year to roughly 16 percent by late August, with reporting since suggesting any floor vote has slipped to September at the earliest.

The legal stakes of getting this right are significant. As of late July, the total cryptocurrency market was valued at roughly $2.28 trillion, with Bitcoin representing about $1.29 trillion of that figure, a bit more than half. Until Congress acts, that market operates under what industry lawyers describe as continued uncertainty, with the SEC retaining broad discretion to argue that various digital assets are unregistered securities, and the CFTC's authority over spot crypto markets remaining largely limited to fraud and manipulation cases rather than comprehensive oversight.

The SEC's Parallel Track: Regulation Crypto

Rather than wait indefinitely for Congress, the SEC has moved to fill part of the vacuum itself. In mid-August, the agency held an open meeting to vote on publishing a proposed rulemaking framework known informally as “Regulation Crypto,” covering how crypto asset offerings would be regulated going forward. Crypto markets reacted positively to the announcement, with bitcoin and ethereum prices both moving higher, as the proposal was read by market participants as offering companies a clearer, faster path to raising capital even absent new legislation from Congress.

This regulatory push builds on a joint interpretive statement the SEC and CFTC issued in March 2026, an early attempt to informally coordinate the two agencies' approaches to digital assets. But such joint statements are not binding law, they carry no statutory force and can be withdrawn unilaterally by either agency at any time. That legal fragility is precisely why many in the industry continue to view congressional passage of the CLARITY Act as the only durable solution, even as they welcome the SEC's more immediate, administrative efforts to reduce uncertainty in the meantime.

Enforcement Litigation: The Cases Still Working Through Court

Beyond market-structure questions, a cluster of major enforcement and class-action cases tied to Bitcoin markets remains active in 2026.

Perhaps the most closely watched is the SEC's case against Coinbase, filed in June 2023 and still unresolved. The SEC alleges the exchange operated as an unregistered securities exchange, broker, and clearing agency; unlike several other major platforms, Coinbase has not settled and continues to litigate aggressively, arguing the SEC never provided clear rules for crypto companies to follow in the first place, an argument that echoes directly back to the broader case for CLARITY Act-style statutory clarity. Court rulings in the matter have been mixed, and the outcome could reshape which tokens are ultimately treated as securities under U.S. law.

Separately, a large multidistrict class action, In re Tether & Bitfinex Crypto Asset Litigation, accuses the stablecoin issuer Tether and its affiliate Bitfinex of market manipulation in violation of the Sherman Antitrust Act and the Commodities Exchange Act. A federal judge in New York certified modified classes of plaintiffs in early 2026, while reserving the core causation question, whether allegedly unbacked or debased stablecoins actually caused crypto asset prices, including Bitcoin's, to rise artificially, for later summary judgment proceedings. Tether and Bitfinex have since petitioned the Second Circuit to review the class certification decision, meaning the case's ultimate scope remains unsettled even as it proceeds.

Internationally, South Korea has produced its own significant ruling. A local court overturned a six-month business suspension that the country's Financial Intelligence Unit had imposed on the exchange Bithumb over alleged anti-money-laundering violations, though a roughly $24.6 million fine tied to the same allegations remains in a more uncertain posture. The episode is a reminder that Bitcoin's legal treatment is being contested simultaneously across multiple jurisdictions, not just in U.S. courts.

Meanwhile, at a more granular level, courts continue to resolve questions about how ordinary contract law applies to crypto services. In Beckett v. Bitcoin Depot, Inc., an Indiana federal court ruled in February 2026 on the enforceability of “clickwrap” agreements presented through a Bitcoin ATM interface, extending long-established principles about digital assent, familiar from website and app terms of service, to physical crypto-dispensing kiosks.

What These Cases Have in Common

Taken together, these legal threads point to a consistent theme: existing law, written for a pre-blockchain world, is being stretched, tested, and in some cases visibly strained by Bitcoin's core technical properties. Property statutes built for tangible lost objects struggle to accommodate an asset that only an anonymous keyholder can move. Securities and commodities law, built around centralized intermediaries, struggles to classify an asset that has neither an issuer nor a central operator. Even basic contract doctrines are being re-litigated one interface at a time, as crypto services take new physical and digital forms.

The common thread connecting the CLARITY Act debate, the SEC's independent rulemaking, and the individual court cases working through the system is a shared, unresolved question: how much of Bitcoin's legal treatment should come from new statute, and how much can be resolved by courts and regulators applying old law to new facts? 2026 has not answered that question definitively, the CLARITY Act remains stalled, the Noah Doe case remains stayed, and the Coinbase litigation remains unresolved, but it has clarified, more than any prior year, exactly where the pressure points are.

Conclusion

Bitcoin's legal status in the United States, and internationally, remains genuinely unsettled, not because the technology is new (it is now approaching two decades old) but because so much of the surrounding legal infrastructure was never designed with it in mind. Whether it is a New York court wrestling with whether self-custodied coins can be “abandoned,” the U.S. Senate debating for the third consecutive year whether to finally assign Bitcoin a clear federal regulator, or a federal judge deciding whether an exchange's clickwrap terms bind a customer at a physical kiosk, 2026 has been the year these long-simmering legal questions moved from theoretical to urgent. How they resolve, in Congress, at the SEC, and in courtrooms from Manhattan to Seoul, will do more to shape Bitcoin's next decade than any single price move.

About India Juris

India Juris is a full-service international law firm providing comprehensive legal solutions to a diverse range of clients, including corporates, financial institutions, and individuals. With a strong focus on delivering practical and result-oriented advice, the firm combines deep legal expertise with a clear understanding of business needs across sectors.

Follow us on : in

www.indiajuris.com

Our Offices

New Delhi
Lajpat Nagar-1 New Delhi
newdelhi@indiajuris.com

Gurugram
Sohna Road, Gurugram
gurugram@indiajuris.com

Bengaluru
Indira Nagar, Bengaluru
bengaluru@indiajuris.com

Mumbai
Andheri East, Mumbai
mumbai@indiajuris.com

GIFT CITY, Gujarat
FF-38, Pragya Accelerator
Processing Area GIFT SEZ, GIFT CITY
giftcity@indiajuris.co.in