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The Metaverse: It Is Not Just Fun and Games

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The metaverse is here but it is not just fun and games. That is why lawyers need to prepare for the unique legal issues that will arise in this digital landscape.

Created by Meta's Mark Zuckerberg, the metaverse is commonly described as a fully realized digital world that exists beyond the analog one in which we live. After donning virtual reality headsets, users can interact and experience things as they would in the real world. Zuckerberg describes it as "the next chapter of the internet ... an embodied internet when you're in the experience, not just looking at it."

Before visiting the metaverse you have to create an avatar. That often starts by taking a selfie, which can be customized in hundreds of ways. Your avatar can then visit any of the communities that make up the metaverse, operated either by commercial entities or by non-profit open-source communities. These can be compared to cities or countries in the real world, with avatars given the option to buy property for a fee, payable only with the metaverse's own currency.

To increase their community's value, some owners have partnered with celebrities who become members of that community. If your avatar wants to live next door to that celebrity, they can. However, the price increases with proximity. A news [report](#) states that someone paid close to 71,000 SAND (the currency of the Sandbox community) to live next door to rapper Snoop Dogg. In real dollars, that's equivalent to about US\$450,000.

The large sums of money being spent in the metaverse has attracted luxury brands such as Martha Stewart and Gucci. Your avatar can visit their virtual stores and buy goods created exclusively for the online world. For example, if your avatar wants to show that they are rich and successful, they may visit the virtual Rolex store and make a purchase, with that expensive timepiece becoming part of their personality.

Because all virtual transactions are ultimately funded by real dollars, I foresee many legal issues arising. For example, what if someone is sold a knock-off Rolex watch by someone else in the community. What recourse will the buyer have to recover their investment? And how can Rolex protect its brand from low-cost imitations?

Since avatars may develop personalities and reputations, what if one defames another? What recourse will be available within the metaverse community to address any wrongdoing?

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The community owners – who are really like the gods of the virtual world – will have to address these legal issues sooner than later.

From my perspective, the best way to resolve disputes in the metaverse will be through arbitration panels. If one avatar defames another, a declaration of wrongdoing could be published, vindicating their reputation. Correcting economic transgressions will be more difficult, but perhaps the community owners – who have each developed their own unique currency – through smart contracts (a subject for another article) could be given the ability to restrict or transfer the assets held by the at-fault avatar.

The bottom line is that we're entering a new world with the metaverse. Right now, it's similar to the wild west, with no rules of law in place. That has to change. As [Forbes](#) notes, “the tech industry is unwavering in its belief in the metaverse, expecting [its value] will hit US\$800 billion by 2024 and reach 1 billion people by 2030.”

To regulate this rapidly expanding virtual world, some traditional laws may be transferable to the metaverse, but which ones? If a site is created by a Canadian, do our laws apply, even to avatars created elsewhere?

Instead of trying to make real-world laws work in a digital environment, I foresee community owners creating their own legal system. They will need traditional legal help with that. A universal code could be developed, applying the same legal principles across all communities.

The metaverse is intended to mimic the real world. In both domains, legal issues arise as communities grow and prosper. As lawyers, we must prepare for the challenges this virtual world will present.