

SOME SCIENTIFIC THEORETICAL DISCUSSIONS ON THE LEGAL REGULATIONS OF THE METAVERSE

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ABSTRACT

This article analyzes some scientific and theoretical discussions about the legal regulation of the metaverse . In addition, it is also analyzed that a brief history of the metaverse , a legal discussion of the law of the metaverse , the definition and meaning of the meta-law, A look at the laws, regulation of the industry of the metaverse . In addition, the author attempts to analyze several legal issues in the metaverse , such as copyright, intellectual property laws, contract law, tort law, false punishments law, NFT regulation , and taxes.

Key words: *metaverse , legal settlements, copyright, intellectual property law, contract law, tort law, false accusation law, NFT and tax regulation.*

АННОТАЦИЯ

В данной статье анализируются некоторые научно-теоретические дискуссии по поводу правового регулирования метавселенной. Кроме того, также анализируется краткая история метавселенной, юридическое обсуждение закона метавселенной, определение и значение мета-закона, взгляд на законы, регулирование индустрии метавселенной. Кроме того, автор пытается проанализировать несколько правовых вопросов в метавселенной, таких как авторское право, законы об интеллектуальной собственности, договорное право, правонарушение, закон о ложных наказаниях, регулирование NFT и налоги.

Ключевые слова: *метавселенная, судебные разбирательства, авторское право, право интеллектуальной собственности, договорное право, деликтное право, закон о ложных обвинениях NFT и налоговое регулирование.*

INTRODUCTION

If we remember the period a few years ago, we understand that science fiction and 3D animation were considered rare, something unreal. However, nowadays they have become more popular. Technology has forced creators to think beyond human capabilities. Now we can enjoy enhanced versions of animation, special effects and virtual interaction using modern resources.

Exploring the virtual world has always been a major impetus for the inquisitive human mind. We are always trying to find answers to the unknown, the unknown and the undeniable. Pulling the strings of our great minds, we have finally discovered the " Metaverse ". Next-generation technology opens the door to a virtual world where people can communicate, interact and experience real-life scenarios. It exists as a digital space on the Internet where users can immerse themselves in an intuitive virtual environment.

A Metaverse filled with many unprecedented features is everything we want our future to be like. In the blink of an eye, virtual world technology has become one of the most popular destinations for social networks, electronic games and business activities. In this article, we will learn more about the Metaverse technology and its evolution. We will also discuss the laws that govern the realm of the Metaverse . And this shows the *relevance of the topic* .

The main purpose of these studies is to identify the settlement by legal settlement of private law relations in the metaverse . It also consists of developing several proposals and recommendations for the use of a hybrid legal system in the Republic of Uzbekistan.

Material and methods

The main content of the ongoing research is the settlement of legal settlements of private law in the metaverse . As well as an analysis of the development of existing international private law norms in order to overcome the existing problems of regulating private law relations in the metauniverse .

The applied methods are such methods as logical, historical-comparative, inductive-deductive, analytical, comparative-legal, statistical data analysis, as well as the analysis of international treaties, conventions adopted in the field of private international law, which are widely used today in international arena, and the specifics of their application.

Research results

A Brief History of the Metaverse

It is common knowledge that the development of technology reached its super speed in the 1900s with the birth of the World Wide Web. Technologies such as 3D and virtual reality (VR) have gained popularity in the market. Despite all the developments, the " Metaverse " did not first appear until 1992, when Neil Stevenson illuminated the concept of virtual reality through the characters in his novel Snow Crash.

Further, in the early 90s, a firm called Sega released virtual reality gaming solutions such as SEGA VR-1 to offer players an immersive arcade gaming

experience. All of these inventions can be seen as the impetus for the thriving Metaverse industry we see today.

The Metaverse grew slowly and steadily, but then "something" happened to make the technology popular. Facebook has changed its name to "Meta" to show its new focus on the sector. Last year, when the social media giant renamed itself Meta, CEO Mark Zuckerberg confirmed his plans to expand the brand with new age technologies such as the Metaverse, NFT, and more.

The scope of the Metaverse is rapidly expanding. Whereas previously this was limited to gaming projects, today the technology has become an integral part of multi-billion dollar industrial sectors. Its application is widely appreciated in the sports sector, the entertainment world, the business sector, etc. Global music brands and producers are turning to the Metaverse for concerts and fan interaction. Popular sports clubs such as Manchester City are building virtual stadiums so sports fans can enjoy their favorite matches from the comfort of home. The Metaverse opens up opportunities for brands and celebrities to launch their official merchandise for fans to purchase.

Literature review

*Metaverse law refers to legal systems, policies, and theories regarding metaverse technologies, including virtual reality, augmented reality, mixed reality, and hyperreality.*¹

According to Ken Crutchfield, Metaverse law is in the early stages of development in legal science and legal practice compared to other established areas of law.²

According to Joseph Raczynski, not all legal practitioners and scientists have recognized the law of the metaverse as a specialized field of study, given the early stage of public acceptance of metaverse technology.³

Anticipating the advent of metaverse technology, some legal practitioners and academics (Jenna Green and John Garon) have studied the metaverse by looking at the relationship between traditional legal frameworks and the metaverse.⁴

According to others (Moore Schuyler and Jesse Wiederhold), the law of the metaverse is spoken of in the context of existing laws concerning and applicable to the metaverse, rather than regarding the law of the metaverse as a legal field.⁵

¹ ["Pioneering The Metaverse Law"](#). *Metaverse Policy Institute*.

² Crutchfield, Ken (2022-01-25). ["The Metaverse And The Practice Of Law"](#). *Above the Law*. Retrieved 2022-03-13.

³ Raczynski, Joseph (2021-10-11). ["The Metaverse is coming: Is the legal market prepared?"](#). *Reuters*. Retrieved 2022-03-14.

⁴ Greene, Jenna (2021-05-20). ["Reed Smith boldly goes where no law firm has gone before - the metaverse"](#). *Reuters*. Retrieved 2022-03-13. // Garon, Jon (2022-01-03). ["Legal Implications of a Ubiquitous Metaverse and a Web3 Future"](#). *Conference on American Bar Association Business Law*. Rochester, NY.

While some people view the law of the metaverse under the umbrella of established legal fields, others take a broader position. For example, one legal research institute has proposed the theory that metaverse law is a new field of study⁶ that should be recognized as a legal field in general, rejecting the view that metaverse law is a sub-discipline of an existing legal discipline. In the same vein, some legal scholars argue that the metaverse requires an entirely new legal infrastructure, such as independent virtual jurisdictions, law enforcement, and self-regulating state bodies and constitutions.⁷

According to my opinion, the law of the metaverse obeys from the point of view of the subclass. Although these scholars have adopted the terminology "the law of the metaverse" to refer to the legal discipline, they consider the law of the metaverse as a sub-discipline. cyber law

However, some say that the theory of the law of the metaverse does not work in practice. Regulators have stated that they need to better understand the Metaverse in order to create⁸ Metaverse-specific laws, and the Metaverse market is struggling to achieve stability.⁹ Other critics point out that the metaverse is no more unique than the game.¹⁰ For example, some technology leaders such as the CEO of Microsoft Satya Nadella, do not distinguish the metaverse from the game.¹¹ The difference between the metaverse and the game was an important difference in the Epic case Games v. Apple, where the plaintiff failed to show that its software could avoid defendant Apple's fees Inc. for in-app purchases of games, as the plaintiff's software is classified as a metaverse, as opposed to a game. In addition, proponents of the metaverse law theory also agree that establishing the law of the metaverse as a legal field necessarily involves an examination of the intersection of existing legal theories and the metaverse.

Definition of Meta-Law

In one opinion piece, McCollum suggested that metalaw would emerge as the legal system that governs the metaverse. Referring to Haley's 1956 paper "Cosmic Law and Metalaw - A Synoptic View", McCollum argued that the metaverse would

⁵ Moore, Schuyler. "[Law In The Metaverse](#)". *Forbes*. Retrieved 2022-03-13. // Wiederhold, Jesse (2022-03-02). "[Tech and law experts explain "metaverse"](#)". *NBC*. Retrieved 2022-03-22.

⁶ Kim, Jinhee; Ramos, Arnaldo R.; Kramer, Michael J.; Gigliotti, Ray (2021-10-01). "[Let's create Metaverse Law Theories](#)". *Metaverse Policy Institute*. doi: [10.13140/RG.2.2.36101.42720/1](#) – via ResearchGate.

⁷ Mostert, Frederick; Yeoh, Wei Ting (2022-03-10). "Meta-Worse, a lawyer's mega paradise." *Journal of Intellectual Property Law & Practice*. jpac008 – via Oxford University Press.

⁸ Chee, Foo (2022-02-08). "[EU's Vestager Says Analyzing Metaverse Ahead of Possible Regulatory Action](#)". *Reuters via US News*. // Stolton, Samuel (2022-01-18). "[Vestager: Metaverse poses new competition challenges](#)". *POLITICO*

⁹ Horowitz, Julia. "[Wall Street's metaverse dreams take a hit](#)". *CNN*.

¹⁰ Hachman, Mark (2022-02-03). "[Microsoft CEO: The metaverse is just games, really](#)". *PCworld*.

¹¹ Waters, Richard (2022-02-03). "[Satya Nadella: 'Being great at game building gives us permission to build the next internet'](#)". *The Financial Times*. // Chen, Brian X. (2022-01-18). "[What's All the Hype About the Metaverse ?](#)". *The New York Times*. ISSN 0362-4331.

adopt the terminology " metalaw " to refer to the laws associated with the metaverse , since metalaw describes the conditions and rules by which "intelligent beings of a different kind" do not follow, in contrast to how people on Earth do, hinting that extraterrestrial beings can be anything but humans (i.e. robots).¹²

On the other hand, Haley coined the term " metalaw " in the context of space law and its relationship to possible laws governing extraterrestrial life in galactic space (also known as extraterrestrials).¹³Haley's intention to define a meta-law for interaction with extraterrestrial beings in space was reaffirmed in the 1957 paper "Space Law and Meta-Law - Definition of Jurisdiction"¹⁴and at the 1956 Congress of the International¹⁵Astronautical Federation. In addition, the theory of metalaw Haley has been cited strictly in the context of space law by early and contemporary legal scholars¹⁶, including its critics.¹⁷Some modern scholars argue that metalaw can be successfully used to create the rules that govern artificial intelligence; however, this suggestive concept is narrowly applicable to the relationship between humans and robot intelligence, which is not specific to the metaverse .¹⁸

Crime in the Metaverse

The word " metaverse " first appeared in criminal law studies by Susan W. Brenner in 2008 in the book *Fantasy Crime : The Role of Criminal Law in Virtual Worlds*. Because¹⁹ the metaverse existed in limited forms at the time of its publication in 2008 , Brenner based her analysis of Neal Stevenson's 1992 novel *Snow Crash*, which many people consider to be the birth of the concept of the metaverse . In her legal analysis, Brenner addressed harms that could theoretically be transferred from the virtual space to the physical world, such as virtual rape and pedophilia. Although Brenner published her research over a decade ago, in 2008, the types of harm her article addresses have become a common theme in the 2020s, with people frequently reporting unwanted sexual contact and threats from other users of the metaverse .²⁰ At the same time , Brenner explored the metaverse as a subset of

¹² McCollum, Ciaran (2022-01-24). "[Metalaw : the Law of the Metaverse](#)". *IoT For all* . Retrieved 2022-03-13 .

¹³ Haley, Andrew (1956). "Space law and Metalaw - A Synoptic View". *Harvard Law Record* .

¹⁴ Haley, Andrew (1957). "Space Law and Metalaw - Jurisdiction Defined". *Journal of Air Law and Commerce* . **24-3** – via Law Journals at SMU Scholar.

¹⁵ Haley, Andrew (1956). "[Space law and metalaw : a synoptic view](#)". *Stanford University* .

¹⁶ McCollum, Rathuel (1959). "Tort Aspects of Space Technology". *Cleveland State Law Review* . **8** : 4. // Bohlander , Michael (2021). "[Metalaw - What is it good for?](#)". *Acta Astronautica* . **188** :400-404.

¹⁷ York, Kenneth (1958). "[Basic Problems in Metalaw](#)". *Brief* . **53** : 243-245 – via HeinOnline .

¹⁸ Muzyka , Kamil (2020). "*The basic rules for coexistence: The possible applicability of metalaw for human-AGI relations*". *Journal of Behavioral Robotics*. **11** : 104-117. doi : [10.1515/pjbr-2020-0011](#) . [S2CID 215770191](#) .

¹⁹ Brenner, Susan (2008). "[Fantasy Crime: The Role of Criminal Law in Virtual Worlds](#)". *Vanderbilt Journal of Entertainment & Technology Law* . **11** - via Vanderbilt University.

²⁰ Shen, Michelle. "[Sexual harassment in the metaverse ? Woman alleges rape in virtual world](#)". *USA TODAY* . // Frenkel , Sheera ; Browning, Kellen (2021-12-30). "[The Metaverse's Dark Side: Here Come Harassment and Assaults](#)". *The New York Times* . [ISSN 0362-4331](#) .

virtual crimes under criminal law, as opposed to treating the law of the metaverse as a legal field or a subset of cyberlaw.²¹

Privacy in the Metaverse

Because companies often collect user information and share data without users knowing, which is common practice, privacy experts have raised concerns that the immersive metaverse experience opens big doors for privacy abuse and surveillance by companies.²² Therefore, it is perhaps unsurprising that the topic of privacy is often covered in metaverse laws and lawyers²³, and advocates of privacy governance argue that metaverse self-governing communities are not enough to protect user privacy. In a 2007 article "Privacy in the Metaverse", Lins distinguished the metaverse from the game, arguing that the metaverse is a social microcosm in which ordinary people develop complex social behaviors and psychological effects unique to the space of the metaverse. Unlike legal practitioners, who viewed metaverse laws as a subset of existing legal frameworks, Lins provided readers with an opportunity to interpret the possible implications for privacy in metaverse space by discussing government surveillance, metaverse marriage, limitless communication in shared spaces, and what metaverse developers like Second Life doesn't address privacy issues enough.

A Look at the Laws Governing the Metaverse Industry

Even though the Metaverse has been around for over a decade, it is still in its early stages of development. There is much to be learned, deciphered, and deciphered before we finally make progress in this area. When it comes to the legal and regulatory framework, the Metaverse falls short as there are currently no laws that can directly apply to it. This makes it a risky place for those who advocate the need for rules and laws for the proper functioning of a global industry. To make things a little better, the Metaverse realm has agreed to abide by the general laws that apply to the web to ensure a sense of uniformity, security, and transparency in its ecosystem. In the pointers below, we will learn about the laws of the Internet that apply to the Metaverse and its associated virtual spaces.

Copyright

Copyright law seeks to protect the original work of creators, artists, and writers. When we talk about the Metaverse, the law includes user-generated digital content such as avatars, virtual real estate, and other works of art. Platforms like The Sandbox, allow users to create, develop and own virtual areas called "LANDS".

²¹ Brenner, Susan (2008). "[Fantasy Crime: The Role of Criminal Law in Virtual Worlds](#)". *Vanderbilt Journal of Entertainment & Technology Law*. **11** - via Vanderbilt University.

²² Hunter, Tatum (2022-01-13). "[Surveillance will follow us into 'the metaverse,' and our bodies could be its new data source](#)". *The Washington Post*.

²³ Fuller, Michaela (2021). "[Legal Issues Ripe for Picking with Shift to the Metaverse](#)". *Richmond Journal of law and technology*.

People are spending thousands of dollars in bills to get a piece of Metaverse real estate . With the rise in popularity of digital assets, copyright law becomes important to the Metaverse domain .

The creator of the copyrighted item has the exclusive right to recreate, sell, and display the work to others. They may also authorize other people to do work on their behalf. If the authorized person breaks the law, then the original creator can sue them for copyright infringement. If an artist creates content in the Metaverse similar to copyrighted content in the physical world, they can be held liable for copyright infringement.

For example, if a person has created an NFT avatar that looks like a copyrighted avatar or NFT, the copyright owner can sue the former for infringement. They may seek legal assistance to prevent the other party from distributing items to investors. The default party may also be forced to pay **money for damages caused to the original creator.**

Intellectual Property Laws

Intellectual property law protects the rights of authors to their inventions, trademarks, or other creations. With the growing popularity of non-fungible tokens , which are an integral part of the Metaverse space , intellectual property law has become quite important for proper governance. Technology firms will soon compete to develop more advanced AR and VR tools, including high-tech glasses, headsets, etc. This will open up new opportunities for intellectual property rights in the sector, such as new patents for software and devices. New brands will emerge, paving the way for new brands for users of the virtual world. For example, some prevailing trademark rules that apply to elements of the Metaverse are as follows:

- Class 9. Downloadable virtual items.
- Class 35: Retail store services that include virtual goods.
- Class 41 - Online entertainment services.

The creation of enhanced online portals will pave the way for new patent and copyright protection measures for software-focused inventions and games related to blockchain and cryptography.

Contract law

In the Metaverse, contract law requires the making and enforcement of contracts made between users. The agreements made here include many activities, such as trading in virtual goods and leasing virtual lands. Like any other agreement, the agreement in the Metaverse obliges both parties to follow the terms of the agreement. If one party fails to comply with the terms of the contract, the other party has the right to sue it for breach of contract.

Suppose a user agrees to sell a virtual product on the Metaverse to another user and they enter into an agreement for the same. However, the buyer does not pay for the goods. The plaintiff can then ask the court to recover the principal amount, as well as damages from the defaulter.

tort law

Tort law focuses on civil wrongs, including property damage and personal injury. In the Metaverse, law governs any harmful activity caused by users to other participants. This may include emotional stress, physical attacks, and property damage. For example, if a person physically injures another person in the Metaverse ecosystem, then the latter can sue the other for it. The accused party will then be required by law to pay for the injuries, medical expenses, and related damages associated with the action.

False Claims Act

The law protects people from false accusations and compromising comments by any other person. In the Metaverse, this refers to user-generated content that is critical of another brand. Falsely accusing someone and damaging their social status can result in the defaulter being charged under defamation law. Metaverse training programs often provide detailed knowledge of the laws of the metaverse for a better understanding of the subject.

Regulation of NFTs and taxes

Non-fungible tokens in the Metaverse are subject to traditional financial rules such as commodity, banking, and securities laws. The way these assets are created and exchanged may define them as investment contracts and thus be subject to securities laws. The issuance, lending, and trading of cryptocurrencies in the metaverse is likely to apply banking, money transfer, and other financial modes to the system.

The purchase and sale of virtual goods is subject to tax implications under the sales tax and income tax regimes. Financial authorities have already taxed virtual assets or cryptocurrencies, resulting in profits being taxed for those who earn. This results in NFTs used in the Metaverse also incur tax consequences similar to cryptocurrencies.

CONCLUSION

The Metaverse is growing exponentially with the constant support of investors and commercial structures. The virtual world allows users to enjoy real-world experiences in a simulated environment with unrivaled potential for fun and earning. The laws outlined in this article will help readers get a clear idea of what they might encounter as they explore the field of the Metaverse.

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