

# The metaverse: Does your avatar need a lawyer?

By **Paul Wilson**, partner at Viberts

## What exactly is the metaverse?

IMAGINE a gigantic, interactive, digital playground, a collection of many different worlds you 'step into' through a computer or a virtual reality headset.

Picture your favourite park, museum, sports ground or shopping mall. In the metaverse, you can visit famous places anywhere in the world. You can walk around, talk to people and do activities just as you would in the real world. The difference is that everything is computer-generated.

In the metaverse, you will be a digital version of yourself. Your avatar can look and behave like you, or it can be something entirely different. You will control it, guiding it through the digital worlds where you'll be interacting with other avatars.

## A haven for computer geeks?

Big business is diving in at the deep end and banking on the metaverse being a place for everyone.

Nike, Dolce & Gabbana and Tommy Hilfiger recently participated in a fashion show in the metaverse. Sothebys opened a virtual gallery selling virtual art and non-fungible tokens. American rapper Snoop Dogg purchased land in the metaverse and is developing a set of virtual assets and experiences.

## Unregulated

Although it may look and feel like the real world, the metaverse differs in one key area. It is entirely unregulated which leaves people vulnerable:

- Imagine owning a piece of virtual land or a digital masterpiece. That might sound interesting, but what if a hacker tried to steal it? The metaverse needs laws to protect people's assets.
- The metaverse offers a whole new level of interaction, but that means new risks to your personal information and privacy. The metaverse needs rules to keep your data safe and to prevent miscreants from stalking your avatar or stealing from your real-world account.

## Scams

There have already been some high-profile scams resulting from the metaverse including:

- Fake land sales: Fraudsters create fake real-estate businesses that sell property on the metaverse. Once the victim pays for the land, the fraudsters disappear, and the victim is left with nothing.
- Rug pulls: Fraudsters create a new investment project and, once they have attracted enough investors, the fraudsters take the money and run.

Experts argue that regulatory action is needed now to protect the public.

## Jersey's take

The Jersey Financial Services Commission has responsibility for regulating the financial services sector and some other businesses in Jersey. The JFSC has not yet issued any specific regulations for the metaverse but it and the government are monitoring developments and considering how it should be regulated.

## What can I do to protect myself?

Until such time as regulation catches up, treat the metaverse with caution:

- Consult with a legal expert who is familiar with digital assets, intellectual property and any potential regulations that could apply.
- Different platforms will have their own terms of service and user agreements. Read and understand them as they will dictate your rights and responsibilities.
- Trading assets in the metaverse could have real-world tax implications. Be sure you understand the tax consequences before committing.
- Understand how the platform handles and protects personal data.
- Before purchasing assets, do your due diligence to validate the asset's authenticity and the seller's right to sell.
- As with any online environment, be wary of scams and other deceptive practices.



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