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THE METAVERSE DILEMMA: BALANCING INNOVATION AND INTELLECTUAL PROPERTY

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Abstract

Intellectual property rights, or IPR, protects one's creative and intellectual ideas brought forth through different mediums.¹ Meta verse represents a computer-based digital domain that enables users to construct realistic virtual worlds that let them express their creative thoughts while obtaining resources to transform ideas into real-life products at reduced expenses and minimal resource usage. In this paper, the authors present evidence showing why metaverse creators need protected rights through an intellectual property amendment concerning their digital innovations and proprietary platforms.

The authors support increased intellectual property protection, which needs to include virtual digital works in the metaverse. The core principle of this argument depends on implementing time-based criteria for ownership disputes while understanding digital products to qualify as intellectual property elements. Modern societal digital transformation allows people to develop their creative ideas digitally using software tools without physical production resources. The non-physical state of digital content does not prevent them from qualifying for intellectual property protection because they exhibit intellectual work and innovative value.

According to labour theory, where people own what they produce digitally, assets need equal protection against traditional intellectual property rights. The evolution of technology speeds up the need for extended legal protection beyond what current IP laws cover for digital creation aspects.²

¹ World Intellectual Property Organization, About IP, *WIPO*, <https://www.wipo.int/about-ip/en/> (last visited Mar. 9, 2025).

² Reena Jaiswal et al., *Role of Intellectual Property Theories in Addressing Anomalies Created by the Intersection of Artificial Intelligence and Intellectual Property Rights: An Analysis*, 10 Int'l J. Membrane Sci. & Tech. 2560 (2023).

Expanding the rights granted under the IP law towards the metaverse or digital words will not only extend the protection of Fundamental and human rights in the future but also enable revenue streams that will reshape the economic structure.

Keywords: Intellectual Property Rights (IPR), Metaverse, Digital Innovations, Ownership Disputes, Legal Protection.

Introduction

Unprecedented IP legal tensions followed in the wake of the quick rise of Metaverse technology. Narratives of virtual environments have brought us to widespread daily usage, which requires legal responses to ownership, copyright³, and trademark⁴ or patent⁵ rights. Intellectual property is identified as the legal instrument to set distinct rules for the use of novel thoughts, sign markets, and artistic creations. Together, all four of the intellectual property laws (copyright, patent, trademark and trade secret maintenance) protect creative owners' works in physical spaces and digital domains.

The Metaverse makes the union between augmented reality and virtual reality systems to build a social platform through which people can combine work activities with social interactions and perform business-related functions. Neal Stephenson revealed the term being used today as Metaverse, the actual virtual ecosystem, through his 1992 book, *Snow Crash*, which companies like Microsoft and Google funded⁶. Additionally, Metaverse allows users to access it by engaging with three-dimensional elements while communicating directly, virtually, and physically with other users. Intellectual property rights mergers in the real and digital environment create complex legal problems.

Security measures for the digital content in the Metaverse need different protection methods. Firstly, it provides virtual art and music copyright and retains protection across virtual marketplaces, such as a secured brand identity. Protected innovations are responsible for the technological improvements in the virtual environments by providing patent protection

³ World Intellectual Property Organization, Copyright, WIPO (last visited Mar. 22, 2025), <https://www.wipo.int/en/web/copyright>.

⁴ World Intellectual Property Organization, Trademarks, WIPO (last visited Mar. 22, 2025), <https://www.wipo.int/en/web/trademarks>.

⁵ World Intellectual Property Organization, Patents, WIPO (last visited Mar. 22, 2025), <https://www.wipo.int/en/web/patents>.

⁶ Neal Stephenson, *Snow Crash* (Bantam Books 1992).

mechanisms. Resources themselves have moved past the digital nature of it, and replication, as well as unintentional modifications and unattributed attribution, are present in frequency. There is much to attend to regarding ownership and enforcement of digital duplicates in virtual spaces created to form actual world structures, objects, and human representations. To avoid severe losses from IP encroachment, it is necessary to determine exact legal regulations in terms of the Metaverse since no such laws highly threaten innovation incentives.

The execution of intellectual property rights has long been studied by both legal experts and philosophers starting from antiquity. John Locke introduced the labour theory of intellectual property, an essential intellectual basis for his theory.⁷ According to this perspective, people who use their time to create original products earn natural ownership rights. According to Locke, two requirements form the pillars of his framework, which protects property owners from misuse of their acquired property and maintains resources accessible to others. Tangible property comes under the domain of self-ownership principles. Dr Carys Craig⁸ and Professor William Fisher⁹ researched how this theory stands within intellectual property law for digital areas, especially the Metaverse.

Implementing the Metaverse requires content creators, businesses, and regulators to properly grasp intellectual property rights for its successful development. The digital environment remains vulnerable to creative property theft if it lacks legal protection for its intellectual assets. This paper looks at the most critical legal threats and challenges to implementation and the block to intellectual property rights in Metaverse environments. Assessing present and proposed IP law and virtual ownership standards lead to significant contributions regarding digital IP protection.

Building The Digital Frontier: Labor, Ownership, And Intellectual Property in The Metaverse

1. The Growing Challenges of Metaverse Regulation

Expanding the metaverse requires an evolution of laws that govern virtual ownership. Blockchain technology¹⁰ and NFTs deliver solutions to create definitions of digital ownership

⁷ John Locke, *Two Treatises of Government* 287–302 (Peter Laslett ed., Cambridge Univ. Press 1988) (1690).

⁸ Carys J. Craig, Critical Copyright Law and the Politics of "IP," in *Research Handbook on Critical Legal Theory* 287 (Emilios Christodoulidis, Ruth Dukes & Marco Goldoni eds., Edward Elgar Publ'g 2019).

⁹ William W. Fisher, Theories of Intellectual Property, in *New Essays in the Legal and Political Theory of Property* 168 (Stephen R. Munzer ed., Cambridge Univ. Press 2001).

¹⁰ Government of India, Blockchain, National Portal of India (last visited Mar. 22, 2025),

and authentication assurance in virtual domains. These new technologies have regulatory obstacles in preventing fraud, establishing identifying work conditions, and fair guidelines. Where digital creators' rights are concerned, lawmakers and experts must develop a comprehensive system to secure all these rights except for investors and the platform operator within this domain. A properly developed metaverse framework creates space to advance innovation with parallel benefits of economic expansion and enables creative exploration. To make a secure digital work environment and equitable structures of virtual employment, businesses need direct, proactive legal changes that should include giving employees full transparency. Active efforts to tackle these challenges will enable the development of a creative digital environment that safeguards worker rights in the digital era.

The authors demonstrate how Metaverse technology transforms digital channels while transforming entertainment, business operations, and social networking functions. The fast-growing market of Web3 technologies combined with virtual products requires fundamental changes to IP laws because traditional IP protection measures no longer align with the new digital landscape. Intelligent property defence mechanisms in the Metaverse primarily depend on trademarks alongside copyrights. The Metaverse expansion into multiple real-life aspects comes with increasing obviousness of existing intellectual property laws' limitations.

The quick digitisation of our society alongside the physical world has quickened Metaverse technology adoption in different professional domains. Multiple professions have moved their operations into digital spaces beyond content production to embrace virtual platforms as society approaches the digital transformation of essential needs. As of 2017, approximately 68% of India's 51 million SMBs operated offline. Digitally engaged SMBs were found to grow twice as fast compared to their offline counterparts.¹¹ The evolution of intellectual property governance in the Metaverse is necessary and unavoidable because of existing developments.

The authors observe this transformation, which suggests that current copyright and trademark regulatory systems serve as base methodology. Still, additional specialised IP distinctions will be needed for Metaverse evolution. With the advance of virtual society, more and more digital assets are in danger of being ruined, and user and creator rights might be breached when

<https://blockchain.gov.in/Home/BlockChain?blockchain=blockchain>.

¹¹ Business Standard, 68% of 51 Million Small and Medium Businesses Run Offline, Says Report, Bus. Standard (June 13, 2017), https://www.business-standard.com/article/economy-policy/68-of-51-million-small-and-medium-businesses-run-offline-says-report-117061300749_1.html.

communicating with these platforms; new regulatory mechanisms are necessary to find complete protection for the existing digital assets and users and creators. The study investigates present and future tendencies of intellectual property in metaverse operations as it develops proposals to boost its management effectiveness for digital environments.¹²

2. Dilemma Of Ownership Between the Content Creator and The Platform Owner in The Metaverse

The metaverse faces a significant problem regarding identifying the owner of user-created content (UGC) about John Locke's labour-based property system¹³. The primary dispute entails who should hold exclusive intellectual property ownership in digital infrastructure developers versus platform operators versus creators of virtual assets such as digital goods, avatars and digital artwork holders. The legal ownership assertion position for companies that create metaverse software and its platform is supported by its proprietary nature and the code developed by its platform developers. User-generated content is now a leading payment source for virtual content producers who rely on such earnings to sustain themselves financially. However, this matter has also crossed new constitutional and legal territory. A 2024 report by Amplified revealed that brands leveraging UGC experienced a 63% year-over-year revenue growth across B2C industries, contributing over \$8 billion annually to social commerce revenue.¹⁴ This is a fundamental continuing matter that creates significant legal effects and moral and economic consequences relating to the metaverse ownership, digital revenue sharing mechanism, and the protection of its workers.

The first ownership of content developed within a platform belongs to the developer or host unless the terms of service explicitly define otherwise. User creative freedom within the metaverse depends on developers who establish the platform parameters. The restricted capabilities in user creation resulting from developer-created code led to a question about whether developers should be seen as co-owners or employers who control platform-based work activities.

¹² Roberto García et al., Semantics and Non-Fungible Tokens for Copyright Management on the Metaverse and Beyond, arXiv (Aug. 30, 2022), <https://arxiv.org/abs/2208.14174>.

¹³ User-Generated Content, ScienceDirect, <https://www.sciencedirect.com/topics/computer-science/user-generated-content> (last visited Mar. 22, 2025).

¹⁴ Emplifi, User-Generated Content Helps Drive 63% YoY Revenue Growth, Emplifi (2024), <https://emplifi.io/press/emplifi-reveals-user-generated-content-helps-drive-63-yoy-revenue-growth>.

3. A Legal Dilemma: Independent Contractors or Employees:

The success of applying labour theory regarding intellectual property rights in the metaverse will depend on whether digital creators should be considered employees or independent contractors. Internet users dedicate sizeable amounts of work to their virtual content regardless of whether they choose paid subscriptions or operate within free systems. Under labour theory, the content creators put in their blood, sweats, and tears and create elaborate creations with their creative effort, which entitles them to IP law protections. The platform's terms and the work-for-hire doctrine make this issue complex and challenging.

The standard employment guidelines enable metaverse platform owners to acquire ownership rights over content produced as part of their employee duties rather than the creators individually. The metaverse continues to be impacted by this doctrine because platform owners enforce their control through their terms of service and creation guidelines and revenue regulations. If a platform establishes time and work content conditions, then digital creators may lose independent contractor status. According to this, the court might consider creators as platform employees, a level of control this could likely be interpreted as. The labour theory of IP would exclude such developers from using their IP rights.

4. Legal Complexities Of Ownership: Between Real Owners & Digital NFT Holders

However, a legal determination of ownership is needed concerning digital assets, whereas users will all create additional substantial legal problems by making unauthorised digital copies of copyrighted material. NFTs pose a more significant problem when applying labour theory to intellectual property (IP) law because they spoil complex IP regulations. The issue of a token as artwork that an artist did not create creates legal and moral complications in the digital world.¹⁵

Users create NFTs from existing paintings and digital artworks with other copyrighted materials, which they later sell throughout the metaverse. The legal question in this case becomes whether the NFT creator has illegally profited from intellectual property belonging to others and if they should be responsible for violating IP laws. IP law understands that NFTs represent distinctive digital assets that earn the token's NFT creator copyright protection. However, if an NFT relies on existing copyrighted material, tokenisation may violate copyright laws, thus leading to possible lawsuits.

¹⁵ IBM, NFT, IBM Think (last visited Mar. 22, 2025), <https://www.ibm.com/think/topics/nft>.

A user who uploads digital works protected by copyright in a metaverse does not gain legal ownership rights to those underlying works. The integration of NFTs with IP law remains complicated due to the insufficient regulations that must be established to handle disputes and copyright infringements in virtual spaces.

5. Application of IP Protection: Between the Real World and the Metaverse

Metaverse varies from the standard intellectual property rules and constitutes a main difference in owning and licensing. From the labour theory's viewpoint, there is also a difference in IP legal matters and ethical concerns. Users can purchase digital items on open-end platforms using real-world currency, including avatar clothes, premium items, tokens, dual dualities, and digital artwork. Most users do not have absolute traditional ownership rights to these assets. The platform owner owns the digital item's ownership rights in the platforms and provides a license to use the platform under some conditions.

Virtual asset licensing controls the status of the master and permits the users to engage in digital assets. This arrangement presents bedevilling matters of correctly carrying out IP theories, user investments and ownership principles. Platforms pose continuous risks to those who wish to use their platforms by constantly changing their policy, altering their asset, and altogether shutting down platforms. When these events occur, digital creators digitalise digital possessions and the income channels that result from them¹⁶. The case shows the need for the metaverse users to have the same IP protections as what exists in IP but suited for the new virtual ownership complexity reality to create equilibrium between personal and collective rights.

6. Regulation and Platform Oversight

The virtual platforms of Roblox and Decentraland have built systems to allow their users to develop virtual assets for commercial sale that would generate financial gain. Users can produce income between virtual platforms, enabling them to maintain ownership of their digital work. However, platform owners retain significant authority over virtual assets despite these opportunities. While the platform administrators keep over the work on the platform (content creation), they adopt community rules, implement typical fit-sharing schemes that diminish creators' freedom of artistic production, and so on.

¹⁶ Lewis v. YouTube, LLC, No. 20-16403, 851 F. App'x 723 (9th Cir. 2021).

The organisational framework creates legal problems in establishing ownership rights. Users who utilise paid access platforms should maintain total ownership rights for their original creations and the derivative works that they make. The platform owners control user-generated content, which they can modify or delete at their own will. Creators spend their time and capital building work subject to the platform's policies, yet the platform controls all content.

Parliament must establish legitimate and enforceable legislation protecting creators as a condition for the metaverse to last as a long-lasting digital economy. If proper comprehensive legislation is enacted, it will provide a comprehensive legal understanding of the concept of Ownership regarding virtual assets, ensuring the protection of the rights of the creators and the maintenance of public order and ethical balance between the parties in the virtual world.

Appropriate Jurisdiction

Due to the virtual and worldwide scope of the metaverse, it has giant problems establishing jurisdiction. When users interact via different regions to communicate while transacting and producing content, there is uncertainty about which national laws apply over intellectual property rights regulatory norms and dispute resolutions, and then complexity arises. The difficulties arise from the fact that with unclear jurisdictional boundaries, the interactions occurring within the decentralised and anonymous metaverse environment make it impossible to identify users and engage in legal actions and IP infringement enforcement. These structures provide significant difficulties in applying them to the international borders of such transnational digital systems, which challenge existing territorial sovereign legal norms.

All these lead to problems in the power establishment of pending legal cases over copyright infringement, trademark violations and patent claims. Based on the 'effects doctrine,' activities can be considered online under the US court if they can affect the sovereignty of the US. For example, the European Union follows the principle of Legal and IP regulations requiring that they be based on 'country of origin'¹⁷. Conflict in enforcement can ensue due to enforcement rules between different territories.

¹⁷ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce), 2000 O.J. (L 178) 1.

Ownership, NFTs, And the Limits of Current IP Laws in a Digital Frontier

The developing digital domain that forms the metaverse demonstrates difficult obstacles to protecting intellectual property and creating new regulations. The existing traditional IP framework, which includes copyright, trademark, and patent laws, struggles to secure creations and innovations in the physical realm because it does not work well for metaverse safeguards. A complete international framework to regulate and govern the metaverse remains absent, thus creating an extensive regulatory void. Authorities worldwide observe a continuous struggle to transform existing laws for this new digital space because its asset structures work differently from traditional practices. The Indian Income Tax Act recognises NFTs as digital assets, although they lack protection as standardised items under copyright and trademark laws in the country.

Metaverse ownership remains a central dispute between different parties. People who make or purchase digital items and virtual objects duplicates of actual things cannot find legal clarity about who owns these digital creations. The absence of proper regulations creates doubts about protecting IP rights because digital content presents simple opportunities to steal and modify intellectual property. Jurisdictions have initiated steps to solve these matters. Still, a consistent worldwide system for resolving them remains absent, which creates vulnerability for people and businesses in the face of infringement and legal conflicts. The metaverse needs updated IP laws and international cooperation to develop distinct standards for proper ownership protection and enforcement actions. For the metaverse to thrive, creative ideas should not remain vulnerable to legal ambiguity and exploitation and should be handled through appropriate legal intervention. Resolving these issues leads to developing an equitably secure digital platform for every sponsoring entity.

Shaping Tomorrow: The Future Need for Metaverse Regulations

An immediate development of a complete regulatory system becomes essential for metaverse evolution. In the virtual world, it is necessary to have an advanced digital economic system and social infrastructures that depend on well-established core principles such as IP governance and privacy protection. All metaverse users face legal uncertainties from inadequate regulations, which subjects them to possible financial losses and conflicts while exposing them to malicious party abuse. The metaverse operates as a secure, sustainable computer platform through the development of a robust legal structure.

Intellectual Property Protection and Digital Ownership

Today, the main concern in the metaverse is the safety of digital ownership and intellectual property rights. People in the metaverse build digital items they are able to sell and purchase, including virtual NFTs, goodies, artwork for content, avatars, and so much more, which are all worth as much as the item's popularity. Today, the unique problem of plagiarism and fraudulent duplication of creative content creators' works without standard legal frameworks is responsible for a current threat to their work.

The virtual digital asset operates in a decentralised virtual landscape where it is complicated to protect such digital assets with multiple IP laws between the jurisdictions. The types of intellectual property are copyrights, trademarks, and patents, which have region-specific rules of enforcement, and in the metaverse, each has a type of intellectual property. Also, laws everywhere make guarding assets that cross numerous national limits troublesome.

However, due to different IP laws in other jurisdictions, European digital artists struggle to stop unauthorised NFT copies of their artwork. The lack of uniform international standards complicates the efficient collection of the creator's work's unauthorised use and prevents the adequate protection of such work.

The new metaverse regulations will work reasonably for digital assets by establishing international intellectual property protections, settling boundaries in case of dispute, protecting creator's rights, and acknowledging virtual property ownership. At the same time, that same standardised legal system created to protect innovation gives creators fair rights to make money when they work in digital spaces.

Ownership Rights and Fair Balance in The Metaverse

However, a big thing about the metaverse would be launching revenue channels from which financial activities could be conducted between content creators alongside designers, influencers, and other types of gamers and competitive players. Even though there are new revenue paths for digital creators, they have to contend with serious security risks undermining financial stability. As the metaverse environments are decentralised, digital creator earnings rely entirely on platform-based systems, which are not backed by law in the metaverse because

of platform owners' misbehaviour or others' unauthorised wrongdoings¹⁸; the first unresolved problem in this regard is about user rights of digital assets in the metaverse and needed regulatory instruments for their protection.

The rules that platform owners put in place for the generations of content, the ad techniques utilised, and the dispensation of virtual assets shape the controllers of the digital platform. Their control allows them to define how their users should act, and they can delete digital content without compensation. Currently, existing legal limits in virtual environments and gaps in the app store or framework mean that creators can lose their work anytime the platforms decide they do not want to retain those contributions. As for today's legal uncertainty, it's essential to deal with the present to build a sustainable metaverse economy with fair creator protection.

Regulating Financial Security and Fraud Risks in The Metaverse

Blockchain technology, cryptocurrencies, and non-fungible tokens (NFTs) introduced the digital economy of a revolution that allows users to use a new type of financial wealth. However, there are innovative systems of financial vulnerabilities, money laundering, market manipulation, and fraud in the virtual economy. However, a virtual economy is regulated with transparent monitoring of regulatory bodies, which should ensure adequate supervision to stop and not stop transactionally.

However, developing standardised financial rules for these economies demands government cooperation with international agencies. To build the metaverse financial transaction guidelines, anti-money laundering has to be present, and digital income must be billed clearly. As the metaverse is a global platform that handles its monetary work in numerous jurisdictions simultaneously, it calls for backing from an international regulatory body. There needs to be an international treaty that creates an entity that will make laws regarding the metaverse, as it would establish legal consistency and make international working relationships (Such as the World Trade Organization (WTO), of which India has been a founding member since 1995. The TRIPS Agreement is crucial to WTO's role in IPR.¹⁹)

¹⁸ Baker McKenzie, Metaverse Creators: Beware of These Potential Legal Pitfalls, Blockchain Blog (Feb. 22, 2022), <https://blockchain.bakermckenzie.com/2022/02/22/metaverse-creators-beware-of-these-potential-legal-pitfalls/>.

¹⁹ Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299.

It is also important to properly establish the regulations and standardise them to develop the metaverse further; a comprehensive structure of the public-private combined expertise must only be in a position to support the hybrid evolution of the digital sphere with randomness in the financial security along with the inclusion of innovation and consistency of the oversight.

Recommendation/ Suggestion

The expansion of the Metaverse brings forward several legal uncertainties that affect the recognition of digital and intellectual ownership properties. The paper investigates a complete Metaverse legal framework that deals with digital asset laws, management systems, and conflict resolution methodologies. The framework creates transparent procedures accompanied by enforcement systems that grant both legal clarity and safeguard creators together with customers and operators of virtual platforms.

DIGITAL GOVERNANCE AND INTELLECTUAL PROPERTY	
COMPREHENSIVE LEGISLATIVE FRAMEWORK FOR THE METAVERSE	
Version: 0001	Effective Date: XX/XX/XXXX

SECTION 1. POLICY STATEMENT

This policy creates a full spectrum of laws that guide Metaverse users through the production process of digital items until complete ownership occurs and intellectual property enforcement steps are taken. The policy aims to:

1. The policy must define the legal standing of virtual assets, UGC, and digital goods to eradicate ownership rights uncertainties.
2. A standard process for registering and licensing digital assets alongside their transfer procedures will lead to their legal recognition with enforceable terms.
3. The policy requires organisations to publish all user agreements, terms of service and licensing contracts to prevent demonstrable conditions.
4. The government should support blockchain implementation with smart contracts, improving transparency while fighting unauthorised duplicates through efficient transaction processes.
5. A national regulatory body must establish itself to enforce digital ownership compliance standards while handling disputes.
7. The establishment of a judicial system must occur to resolve disagreements between Metaverse users regarding their digital transactions.

8. Creating an international convention about digital property rights and IP regulation should standardise worldwide digital law enforcement.

All entities participating in Metaverse operations must follow this policy, which guarantees adherence to national and international legal standards for digital creators, platform operators, and consumers.

SECTION 2. REASON FOR THE POLICY

The Metaverse is an advanced digital setting that substantially benefits economic activities, social relationships, and creative practices. The lack of comprehensive legal guidelines creates dangers because it enables the theft of intellectual property and causes ownership disputes while creating differences in regulations between locations. The policy establishes legal rules that will allow digital framework management, protect intellectual property rights, and maintain fairness among users of the Metaverse.

SECTION 3. SCOPE AND APPLICATION

This policy applies to:

1. **Digital Content Creators and Entities** – Individuals and organisations involved in creating digital assets, virtual items, and UGC within the Metaverse.
2. **Platform Operators** – Entities that manage and operate virtual environments and platforms facilitating digital interactions.
3. **Consumers** – Users engaging with digital assets, virtual goods, and UGC within the Metaverse.
4. **Regulatory Authorities** – National and international bodies responsible for enforcing digital ownership laws and resolving disputes.

This policy works in every jurisdiction where it applies to develop a standardised legal framework for digital activities in the Metaverse domain.

SECTION 4. PROCEDURES

4.1 LEGAL RECOGNITION OF DIGITAL ASSETS

- a. Recognizing virtual assets, in game purchases, and NFTs as legally owned property.
- b. Categorizing digital assets into distinct classes (e.g. transferable v. non-transferable, commercial v. personal use).

4.2 MANDATORY DISCLOSURE REQUIREMENTS

- c. Require platform operators to disclose user agreements, terms of service, and licensing contracts.
- d. Ensure transparency regarding users' rights and obligations regarding digital assets.

4.3 CREATION OF A NATIONAL REGULATORY AUTHORITY

- e. Establish a regulatory body to oversee compliance with digital ownership laws.
- f. Introduce dispute resolution mechanisms for conflicts between digital creators, platform operator.
- g. Monitor compliance with IP regulations, privacy laws, and consumer protection standards.

4.4 JUDICIAL HIERARCHY FOR DISPUTE RESOLUTION

- h. Creating dedicated judicial bodies to handle metaverse- related legal conflicts, including IP infringement and contract breached.
- h.i. Promote alternative dispute resolution (ADR) mechanisms, such as mediation and arbitration.
- i.j. Establish structured appeal mechanisms for reviewing decisions related to digital disputes.

4.5 INTERNATIONAL COLLABORATION

- a. Advocate for an international digital property and IP rights convention.
- b. Facilitate cross-border enforcement of digital ownership claims.
- c. Promote global cooperation to prevent IP theft and fraudulent activities in virtual spaces.

SECTION 5. DEFINITIONS

The Metaverse contains three different classes of assets: digital currencies, virtual items, and all content produced by or utilised in its virtual domains.

1. User-generated content refers to digital content that virtual space users create themselves.
2. Decentralised digital ledger technology uses Blockchain to provide safe, verifiable transaction capabilities.

3. Digital systems contain automated contracts known as Smart Contracts, which implement pre-defined terms embedded in digital code.
4. The Metaverse stands as a unified digital environment that unites human interaction between physical existence and electronic spaces.

SECTION 6. PENALTIES/DISCIPLINARY ACTION FOR NON-COMPLIANCE

The policy violation of non-compliance leads to:

1. Systemwide platform licenses may become suspended, and platform operators might lose operational permits.
2. The law acts against people and organisations that steal IP property or conduct fraudulent operations.
3. Financial penalties for violations of digital ownership regulations.
4. Strengthened disciplinary procedures can be implemented toward authorities who do not execute compliance requirements.

SECTION 7. RESPONSIBLE OFFICIAL & ADDITIONAL CONTACTS

Subject Matter	Office Name	Telephone Number (xxx) xx	Email/Web Address
Policy Clarification and Interpretation	Office of Digital Governance	(123) 456-7890	digitalgov@university.edu
Policy Training	Office of Legal Affairs	(123) 456-7891	legallaffairs@university.edu
Dispute Resolution	Digital Courts Secretariat	(123) 456-7892	digitalcourts@university.edu