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Research Article

PROSPECTS FOR THE DEVELOPMENT OF PRIVATE LAW RELATIONS IN THE METAVERSE

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ABSTRACT

The metaverse is the next step in the development of the Internet and, accordingly, the next step in the development of private law relations. To date, some prototypes of the metaverse already exist and are successfully functioning, but there is no legal regulation of the economic metaverse turnover of digital goods. In this paper, the author suggests some of the most important directions for the development of private law in the metaverse.

KEYWORDS

Metaverse, NFT, digital (virtual) property, smart contract, transactions in the metaverse, entrepreneurial activity in the metaverse.

INTRODUCTION

The first thing to pay attention to in this work is about understanding what the metaverse is. The Metaverse in its most general form is a special online space (similar to real-time online games) where users interact with each other or digital infrastructure to meet varied needs. For example, meeting with friends and relatives, viewing new products in the film industry, making a profit, etc. With regards to the latter, it should be noted that in modern realities this is possible

– this allows you to perform, in particular, the well-known prototype of the metaverse Decentraland.

The profit process is as follows. Person holding real currency (ruble, yuan, dollar, etc.), converts it into the ethereum cryptocurrency through crypto exchange, and then into the currency of the metaverse through the Metamask service (in the Decentraland metaverse, the currency is referred to as "mana"). Further the user

has the ability to multiply "mana" and convert it back to real money. Multiplication of currency in of the metaverse is carried out largely through the conclusion of a deal in regarding a variety of digital goods (real estate, NFT products, implementation of digital services, etc.). In general, it can be said that in the next 5-10 years, many types of entrepreneurial activity will stationed in the metaverse.

For the purposes of ensuring the development of the economic circulation of digital goods a secure legal framework is required in the metaverse. According to the author of this work, the most important directions of development in these areas will be as follows.

1. Legal regulation of transactions. Closing a deal is one of grounds for contractual obligations. Throughout history of contractual obligations was given a large role in private law regulation. In the ancient Roman state a concept was developed, according to which it was assumed that the regulation contract law should be based on the principles of freedom [1, p. 18-22]. Exactly at that period of time, the idea of the importance of the principle of freedom of contract was born, which has not only legal but also economic significance. This thought relevant at the present time in Russia [2, p. 50-53] and foreign [3, p. 318-320] science.

An interesting paradox. Lack of legal regulation of transactions in the metaverse is not an obstacle to making such deals. On Today, these transactions are concluded using a smart contract. In doctrine notes that a smart contract is a standard contract, the main whose feature is expressed in the form of its representation (digital form) [4, p. 102-103]. Despite all the positive aspects of the smart contract, it cannot be said that this concept fully fits into the metaverse. This is due in particular to entrepreneurial contracts, as well as issues of expressing will through digital form [5].

Therefore, it is required to ensure decent legal regulation transactions in the metaverse. The basis for such regulation would be based on the principles of freedom of contract and good faith. As The following acts are proposed as guidelines: UNIDROIT Principles, German Civil Code, as well as the Civil Code of the People's Republic of China, which have recently time should be considered another standard of civil law [6, p. 257-258].

2. The second direction for legal development is related to intellectual property. It is about recognizing property types of NFT as the results of intellectual property activities. The doctrine expresses the opinion that NFT cannot be attributed to intellectual property law, since by its very nature NFTs are it is nothing more than a utilitarian digital right [7, p. 74.]. According to the author present work, this point of view is not entirely correct. If designate NFT exclusively as a utility token, then there is a logical question - how from the point of view of law should be classified virtual property accessed via NFT?

It seems to be more correct to point out the dual the nature of NFTs. On the one hand, NFT is a digital code (utility token), stored in the blockchain, confirming the fact of ownership. On the other side, NFT, at the same time, is a specific virtual property (NFT car, NFT shoes, etc.). Regarding NFT as a digital question code does not occur because the blockchain operates autonomously. Much more interesting is the question of NFT as virtual property. No way case, it cannot be denied that NFT as property is created through creative work of one or another subject.

Based on the above, it must be assumed that the NFT should include in the regulation of intellectual property rights. The question is to which area of intellectual property property refer to NFT. Speaking of NFT-pictures, it is expedient this view is included in the

copyright. In this case, there are no problems. The situation is much more complicated with other types of NFTs (for example, an NFT car). It seems that the main question to be answered is What exactly are the types of proprietary NFTs? Can it be allowed for example, the existence of NFT real estate? Will it defend intellectual property rights or not? Answers to these and some other issues will provide clarity on the development of the new digital law intellectual property.

3. The third direction is not connected with the material, but with the procedural right. It's about dispute resolution. According to the author of this work, this direction for the private law development of the metaverse is the most important, since the stable functioning of substantive law impossible to imagine without procedural law. Above, it was said that the basis for regulating transactions in the metaverse will be good faith and freedom of contract. Because these categories are abstract, their evaluation is the task of procedural law. Is the same procedural law in the metaverse will enforce the rights authors and others on the NFT.

Thus, it is required to create a special order of permission private law disputes in the metaverse. In this case, you should be guided by the fact that for users it would be it is convenient if the dispute resolution process meets the requirements of quality and short duration. As a guideline for developing these procedural provisions, it is proposed to improve the procedure dispute resolution carried out on the well-known crypto exchange Binance.

According to the author of this work, in order to implement the above directions (others can be distinguished) it is required to develop a unified global legal act that would streamline the regulation private law relations in the metaverse. most suitable the expression of this act is the user agreement.

The Metaverse, a virtual reality-based digital universe, has been rapidly gaining momentum over the past decade. It represents a convergence of physical and digital worlds, enabling users to interact, transact, and create within a vast interconnected environment. As the Metaverse continues to evolve, it opens up new possibilities for the development of private law relations. This article explores the potential prospects for the growth of private law within the Metaverse, examining its legal implications, challenges, and opportunities.

I. The Emergence of Private Law in the Metaverse:

Private law, also known as civil law, governs the legal relationships between individuals or entities in society. Traditionally, private law has been associated with physical spaces and tangible assets. However, the emergence of the Metaverse creates an entirely new realm for private law relations to operate. In the Metaverse, users interact through avatars, engage in virtual commerce, own digital assets, and participate in social activities. These interactions give rise to contractual relationships, property rights, and personal liabilities, necessitating a legal framework to govern them effectively. As such, private law in the Metaverse will be vital for establishing trust, security, and enforcing rights and obligations.

II. Legal Implications and Challenges:

A. Jurisdictional Complexities:

One of the primary challenges for private law in the Metaverse is the absence of geographical boundaries. With users from diverse jurisdictions participating in virtual interactions, determining applicable laws and resolving disputes becomes complex. Establishing international agreements and treaties will be crucial to address jurisdictional challenges.

B. Digital Property Rights:

The concept of ownership takes on a whole new dimension in the Metaverse. Virtual real estate, digital goods, and unique in-game assets need clear legal recognition and protection. Defining and safeguarding digital property rights will require innovative solutions to avoid clashes with traditional intellectual property laws.

C. Smart Contracts and Automation:

Smart contracts, self-executing agreements powered by blockchain technology, will be integral to private law in the Metaverse. However, ensuring these contracts comply with existing legal frameworks and adapting them to evolving technologies present legal challenges.

D. Virtual Crimes and Torts:

With the growth of the Metaverse, virtual crimes and torts may rise, such as virtual property theft, defamation, or harassment. Developing effective mechanisms to address these issues and impose appropriate legal consequences will be essential.

III. Opportunities for Legal Innovation:

A. Decentralized Dispute Resolution:

Blockchain technology can facilitate decentralized dispute resolution systems, providing efficient and transparent methods to settle conflicts between Metaverse participants. These systems could be operated by community consensus or integrated into the Metaverse's infrastructure itself.

B. Virtual Governance and Consensus Mechanisms:

The Metaverse presents an opportunity to experiment with new governance models, such as decentralized

autonomous organizations (DAOs). These consensus-based systems could allow users to participate in decision-making processes and shape the rules governing private law relations.

C. Cross-platform Standardization:

To ensure seamless interactions between various Metaverse platforms, cross-platform standardization of private law principles and contractual standards will be necessary. Industry-wide collaborations and open-source initiatives could drive these efforts.

IV. Data Privacy and Security:

In the Metaverse, vast amounts of user data will be generated through interactions, which raises significant concerns regarding data privacy and security. Striking a balance between data protection and enabling personalized experiences will be crucial for the sustainable development of private law relations.

The prospects for the development of private law relations in the Metaverse are undeniably exciting, yet they come with significant complexities and challenges. As this virtual reality-based digital universe continues to evolve and expand, it presents a unique opportunity to redefine and innovate the very foundations of private law. The Metaverse's ability to merge physical and digital worlds, enable virtual transactions, and facilitate social interactions requires a robust legal framework to establish trust, protect rights, and resolve disputes. However, harnessing the full potential of private law in the Metaverse demands a thoughtful and adaptive approach. Key legal implications, such as jurisdictional complexities, digital property rights, smart contracts, and virtual crimes, call for innovative solutions that are in line with the ever-evolving technological landscape. The establishment

of clear and efficient dispute resolution mechanisms will be instrumental in fostering a fair and secure virtual environment. Decentralized systems, supported by blockchain technology, could offer transparent, impartial, and efficient means to resolve conflicts, allowing participants to maintain trust in the Metaverse ecosystem. Moreover, the Metaverse represents an opportunity to reimagine governance models. By embracing decentralized autonomous organizations (DAOs) and consensus mechanisms, users can actively participate in shaping private law principles and contractual standards. Collaborative efforts across platforms will be necessary to standardize legal practices and ensure seamless interactions between various Metaverse environments. While advancing private law in the Metaverse, it is paramount to address data privacy and security concerns. Striking the right balance between protecting user data and enabling personalized experiences will be vital to maintaining user trust and ensuring the sustainable growth of the Metaverse.

CONCLUSION

In conclusion, the Metaverse has the potential to revolutionize private law relations and reshape how individuals and entities interact in an increasingly digital world. This transformation requires collaboration between legal experts, technologists, policymakers, and industry stakeholders to forge a cohesive and adaptable legal framework. As we continue our journey into this uncharted territory, legal innovation and international cooperation will be essential for unlocking the Metaverse's full potential responsibly. By nurturing a dynamic and forward-thinking legal ecosystem, we can lay the foundation for a Metaverse that respects individual rights, empowers its users, and fosters innovation while maintaining social order and justice. Ultimately, the development

of private law in the Metaverse is an ongoing process that demands vigilance and adaptability to keep pace with technological advancements and changing societal norms. By embracing these prospects with an open mind and a collaborative spirit, we can pave the way for a harmonious and equitable future in the ever-expanding virtual universe.

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