



The 11th Japan-China-Korea Design Forum

Legal Issues in the Metaverse

August 1, 2022

MASUDA Masafumi, Attorney at law



森・濱田松本法律事務所

MORI HAMADA & MATSUMOTO



Partner,
**Mori
Hamada
& Matsumoto**

Attorney at law

Masafumi MASUDA

2008-

Japanese Attorney at Law
Daini Tokyo Bar Association

2017-

Attorney at Law, New York,
U.S.A.

森・濱田松本法律事務所

MORI HAMADA & MATSUMOTO

an attorney dealing mainly in the IT and digital fields in general

Focus Area 1 Contents Area

Engaged in digital content policy at METI
Responding to Diverse Content Business consultations



Focus Area 2 Games & Apps Area

Supporting the industry's rapid growth since the dawn of smartphone gaming
Participating in the formulation of various self-regulatory schemes



Focus Area 3 Fintech Area

In charge of blockchain-related legal reforms at the **Financial Services Agency**
Handling a Wide range of services from fund settlement to securities



Convergent and advanced areas

blockchain/web3

NFT, Metaverse, DAO, DeFi, Dapps...

- Disseminating various information on the NFT field
- Industry: Advisor to industry associations, etc.
- Officials: web3-related committee members, etc.
- Political: LDP NFT Policy PT Member



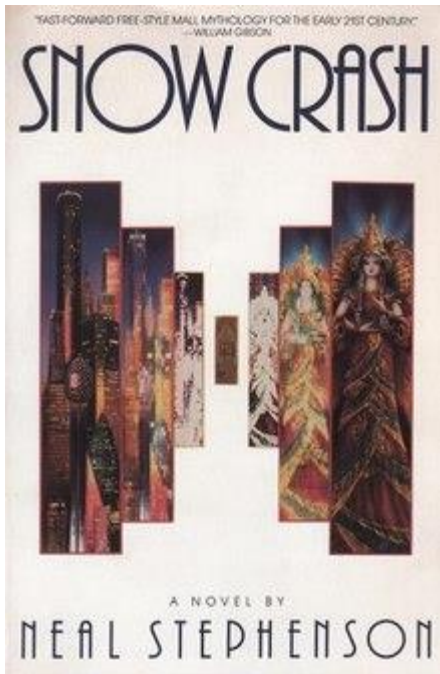
Major Biographies

- 2004 Graduated from Intelligent Social Systems Course, Department of System Creation, Faculty of Engineering, The University of Tokyo
- 2007 Completed Chuo University Law School
- 2008 Joined Mori Hamada & Matsumoto
- 2009 In charge of Institutions, **Media and Content Division**, Commerce and Information Policy Bureau METI (until 2010)
- 2010 Auditor, **Japan Content Overseas Distribution Promotion Organization** (until 2015)
- 2012 Auditor, **Social Game Association of Japan** (until 2015)
- 2015 LL.M. in Law, Science and Technology, Stanford Law School (until 2016)
- 2016 Visiting Attorney, Kirkland & Ellis LLP (Chicago office) (until 2017)
- 2017 Resident in the Mori Hamada & Matsumoto's Singapore office (until 2018)
- 2018 Specialist, Markets Division, Planning and Markets Bureau, Financial Services Agency (until 2020)
- ***Legislative officer in charge of blockchain-related revised legislation**
- 2020 Legal Advisor, **NFT Subcommittee, Japan Crypto Asset Business Association** (to present)
- 2021 Advisor, **Blockchain Promotion Association** (current position)
- 2022 Expert Member, **NFT Policy Study Project Team, Headquarters for Promotion of Digital Society, LDP** (current position)
- 2022 Member, **Creator Economy in the Web 3.0 Era Study Group**, METI (current position)
- 2022 Member of **Study Group on Utilization of Metaverse, etc. for the Web3 Era**, MIC (current position)

What is the metaverse?

Meta (meta = transcendent) + Uni**verse**

Generally, this is used as a term to refer to a virtual three-dimensional space.



by Neal Stephenson

“Snow Crash” (1992)

- Stephenson coined the word “**Metaverse.**”
- He also created the concept of an “**Avatar.**”

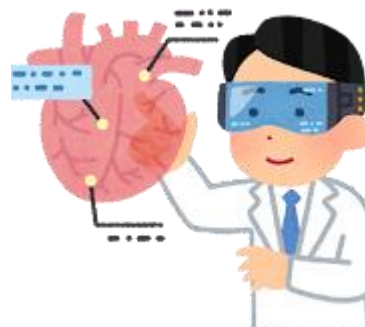
What is the metaverse?

- Technologically, it is deeply related to **XR (AR/MR/VR)**
→ **VR** is what people often have in mind

Alternative **R**eality



Mixed **R**eality



Virtual **R**eality



Low

Immersiveness

High

The level of connectedness to the real world varies

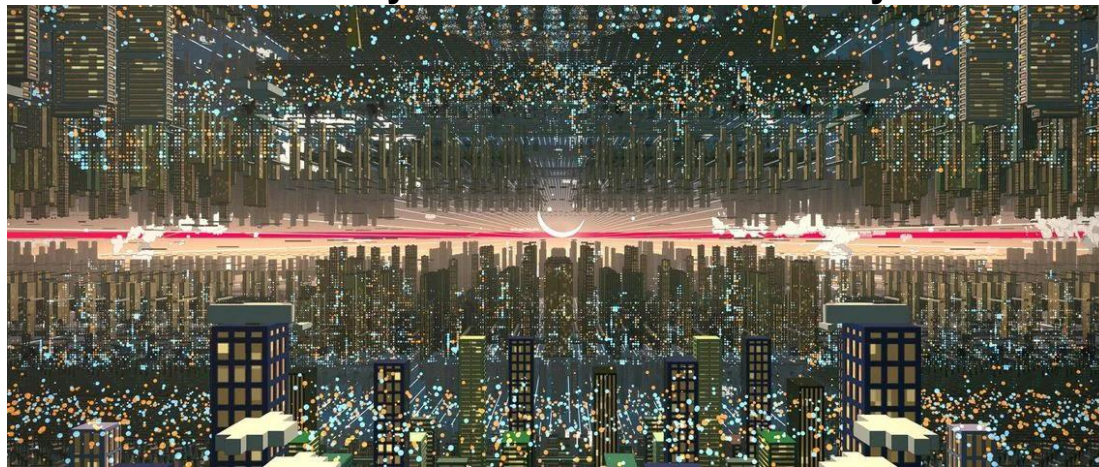
Shibuya 5G Entertainment Project “Virtual Shibuya”



Meta Platforms “Horizon Workrooms”



Virtual world “U” in “ryu-to-sobakasu-no-hime” by Studio Chizu



Growing homogeneity with the real world

● Reproduction of things that exist in various places:

- ✓ Possibility of copyright / trademark infringement
- ✓ Problems associated with the appearance of cultural properties / buildings and the reproduction of those on the site

● Possible copyright/trademark infringement:

- ✓ Portrait rights, publicity rights
- ✓ Right to honor

Problems would also arise with people who are supposed to be fictitious but look like real people.

● Interpersonal contact:

- ✓ Can we get as close to feeling as we can get to the real world?
- ✓ → Emergence of a type of perpetration that has not existed in available SNS

Digital content in the metaverse

● When brought close to the real world . . .

- ✓ Land, houses, furniture and fixtures
- ✓ Avatars (people, costumes, ornaments, belongings), fictional persons
- ✓ Content such as books, videos, and live performances

The same design can also be sold in the real world.

● As an area beyond the real world . . .

- ✓ Game Contents
- ✓ Experience in a fictional space, content that ignores the laws of physics

● If creative activities become easier . . .

- ✓ Rules for handling User Generated Contents are also required

NFT Overview

● What is NFT (Non-Fungible Token = non-substitutable token) ?

- ✓ Of the “tokens” issued on the blockchain ..token to which a unique “personality” (attributes and information) is assigned, that distinguishes it from other tokens.
- ✓ Contrast with fungible tokens (Bitcoin, etc.)

● The following distinctions are useful for discussion:

- ✓ **NFT in a narrow sense** . . . a token that is virtually unique
- ✓ **NFT in a broad sense** . . . Tokens as a means of limiting the number of pieces

Highly relevant to the Metaverse

● Practical Points :

- ✓ Presence of technical specifications represented by ERC -721
- ✓ Presence of OpenSea and other markets

Some points to keep in mind about NFT

- **NFT and “Digital Ownership”**

What is traded through the sale of NFTs?

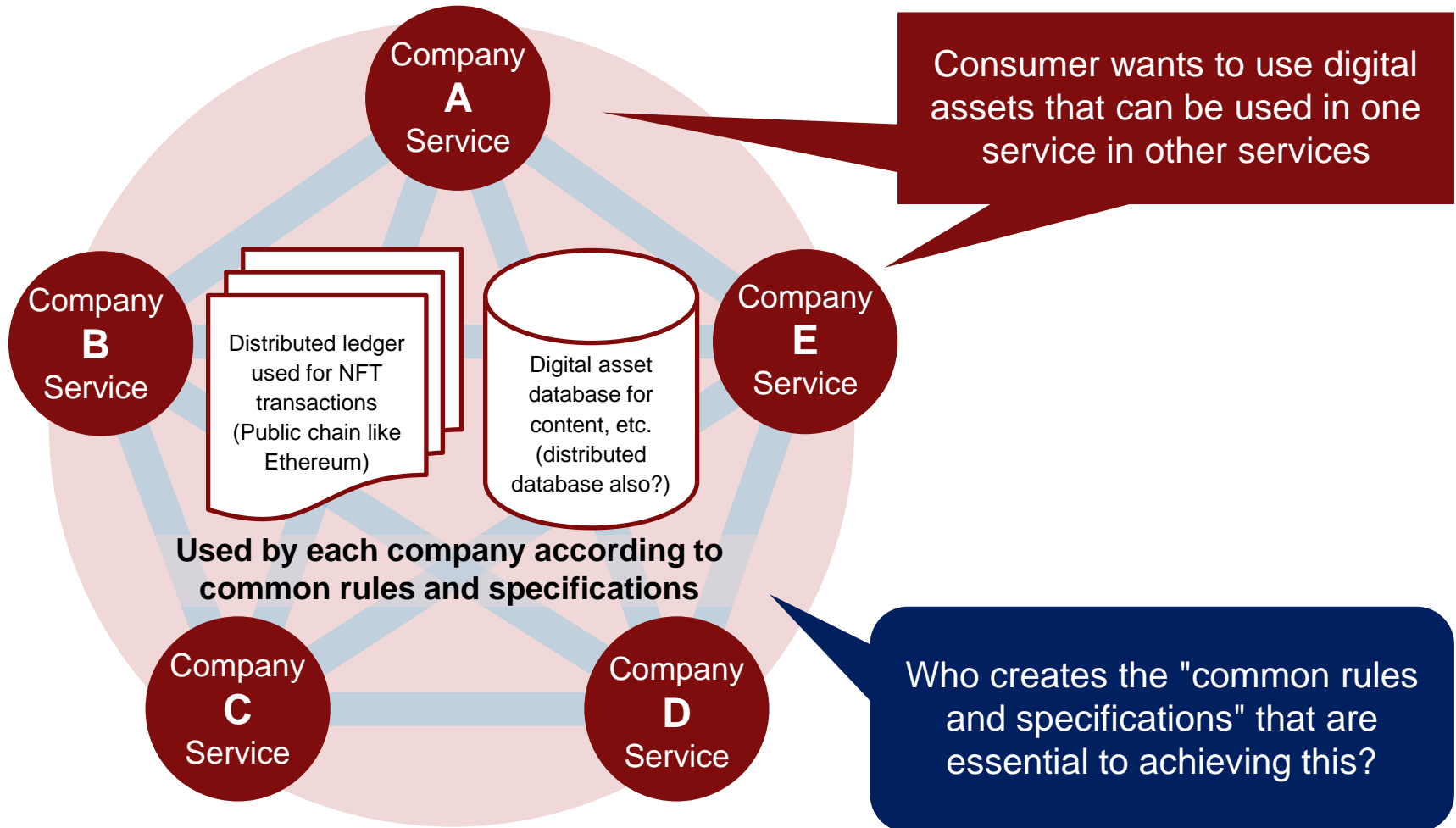
- **NFT and “Copyright”**

Can NFT be an anti-piracy tool?

- **NFT and “Crypto assets”**

What is the relationship between NFT transactions and financial regulation?

"Metaverse" and "NFT" are now often discussed together



Mr. Zuckerberg @ Facebook Connect 2021



“Metaverse is the next chapter for the internet.”

- *“In order to unlock the potential of the metaverse, there needs to be **interoperability**.”*
- *“This is going to require not just technical work, like some of the important projects that are going on around crypto and NFTs in the community now, it’s also going to take **ecosystem building, norm setting, and new forms of governance**, and this is something that we’re really going to focus on.”*

Limits on the protection of the intellectual property rights on digital items?

The screenshot displays the OpenSea marketplace interface. At the top, the OpenSea logo is on the left, and a search bar with the text "Search items, collections, and accounts" is in the center. Navigation links for "Explore", "Stats", "Resources", and "Create" are on the right, along with user profile and gallery icons. A left-hand sidebar contains a "Filter" section with expandable categories: "Status" (with buttons for "Buy Now", "On Auction", "New", and "Has Offers"), "Price" (with a currency dropdown set to "United States Dollar (USD)", "Min" and "Max" input fields, and an "Apply" button), "Chains", and "On Sale In". The main area shows a grid of six digital handbags, each on a white pedestal. The top row features three handbags with colorful, abstract patterns, each labeled "Metabirkins" with a unique ID (#87, #67, #56) and a price of 0.06 ETH. The bottom row shows three more handbags: one with a black and white cow print, one solid black, and one with a red and orange gradient. Each item card includes a lock icon, a heart icon for favorites, and a share icon.