

# The metaverse and what it means for business

**B**y nature, lawyers are curious creatures, who are always eager to learn and react to new ways of doing things. The law is mostly precedential, built on a foundation of prior experience. It is the result of centuries of human transactions and behavior and the reactions and influence of governments and lawmakers. The concept of a virtual, alternative world – a metaverse – then, is naturally seductive to lawyers. It is a new world: an evolving, alternative digital environment in which change can happen in the blink of an eye. Driven by the dramatic evolutionary combination of technology, devices, and communication networks, the metaverse offers human beings the opportunity to collaborate, transact, perform, argue, and create as has never been seen before. Some would argue that it enables our alternative selves as humans.

Since the first edition of our *Guide to the Metaverse*, the use cases for the technologies that underpin these new online environments have developed significantly and, similarly, the regulations and body of law governing them have evolved. Given the rate of change in this area, deciphering the law pertaining to these virtual environments and being able to guide, advise, and support companies and individuals who operate in them requires both a strong handle on centuries of legal precedent and minds that are open to adapting and learning new legal skill sets. Since the first edition, we have been involved in advising on many cutting-edge applications of so-called web3 applications, including disputes and metaverse curiosities, and we have been helping companies develop their own virtual environments. We have also been interpreting laws that are not intended for virtual personalities, creating contracts pertaining to artificial intelligence applications that generate art and other products, and working with avatars that are loved by millions of real people.

Our team at Reed Smith enjoys the benefit of one of the longest histories of any law firm; we have been leading advisers in the media sector for more than 100 years. While we are never arrogant enough to think that we can enjoy another 100 years at the forefront, we are excited to engage with and advise our clients during what is undoubtedly the biggest industrial revolution the world has ever seen. The next advent of the metaverse and decentralized features of what is becoming known as Web 3.0 (or “web3,” depending on whether you are a fan of Elon Musk or not) offers tremendous opportunities

for growth and creativity. Although the entertainment and media sector is at the cutting edge of this phenomenon, the rest of the commercial world is close behind: health care, finance, energy, logistics, and even the more traditional manufacturing industries will soon be affected by what is happening in these new online environments. The consumer metaverse currently only affects a relatively small number of people; the enterprise metaverse will affect us all.

In this updated edition, we cover the key developments that have taken place in web3 in the last year, from the development of new regulations to real-world examples of the technologies in practice. We hope that this overview will be of use and practical application to those who are curious, as we are, about what the metaverse can become.



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