



the global voice of
the legal profession®

STOCKHOLM





METaverse, ARTIFICIAL INTELLIGENCE, AND WEB 3.0 TECHNOLOGY

Magda Cocco | Vieira de Almeida & Associados

L I S B O N

Newsletter Officer, IBA Communications Law Committee,
Head Partner of the ICT and Digital Frontiers practice areas
at VdA and VdA representative in the “Defining and Building
the Metaverse” WEF initiative

Sajai Singh | J Sagar Associates

B E N G A L U R U , K A R N A T A K A

IBA LPD Council Member



METaverse, ARTIFICIAL INTELLIGENCE, AND WEB 3.0 TECHNOLOGY

Sofia Kilmar | Tozzini Freire

SÃO PAULO

Partner - Tech Litigation at Tozzini Freire Advogados, PhD and
Master of Laws - Corporate Law at University of São Paulo

Takashi Nakazaki | Anderson Mori & Tomotsune

TOKYO

Chair, IBA Disputes and Rights Subcommittee

Filip Stoitsev | Data

MALMÖ

Data Protection Officer, IKEA Retail (Ingka Group)

A person wearing a VR headset is shown in profile, looking towards the right. In front of them is a large, glowing digital visualization consisting of many thin, parallel lines that form a wavy, undulating surface. The lines are colored in shades of blue, green, and purple, and they appear to be vibrating or pulsing. The person's hand is visible, reaching out towards the digital surface. The background is dark, making the glowing lines stand out prominently.

METAVVERSE —

Overview of the legal, regulatory
and ethical challenges

Metaverse





METaverse —
Global Regulations



GENERAL OVERVIEW

Sajai Singh

J Sagar Associates | B E N G A L U R U

BRAZIL'S INTERNET REGULATORY FRAMEWORK

Sofia Kilmar

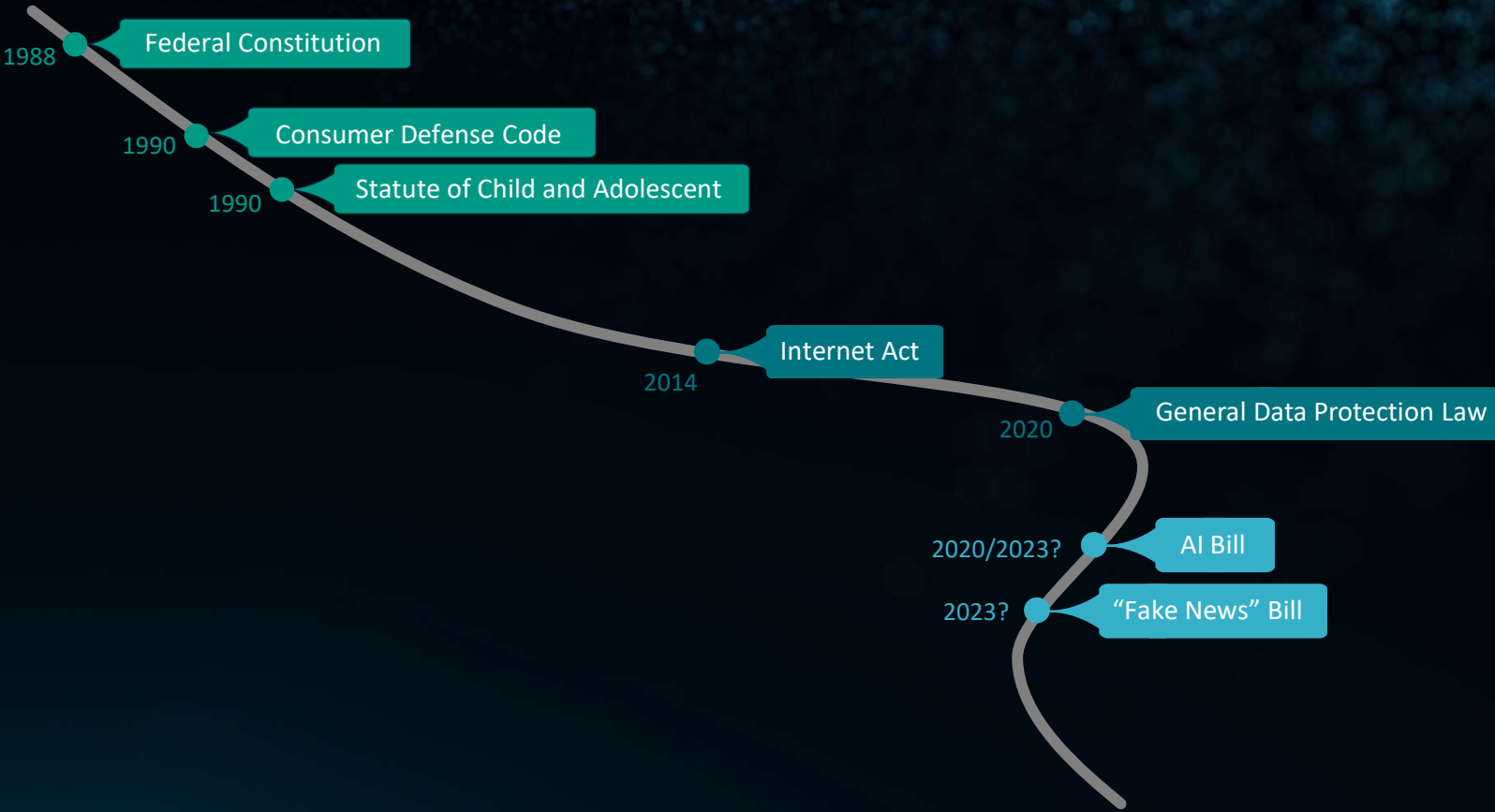
Tozzini Freire | S Ã O PAULO

Extensive experience in Tech Litigation, having assisted the most relevant tech companies in matters related to the Brazilian Civil Rights Framework for the Internet and the General Data Protection Law. Strategic litigation, from class actions to leading cases at different national courts.

**Tozzini
Freire.**
ADVOGADOS

Sofia Kilmar
skilmar@tozzinifreire.com.br

Brazilian Internet Regulation



Internet Act in Practice

Civil liability:

BEFORE



N&TD

NOW



Article 19

Data litigation:

NOW



Article 22

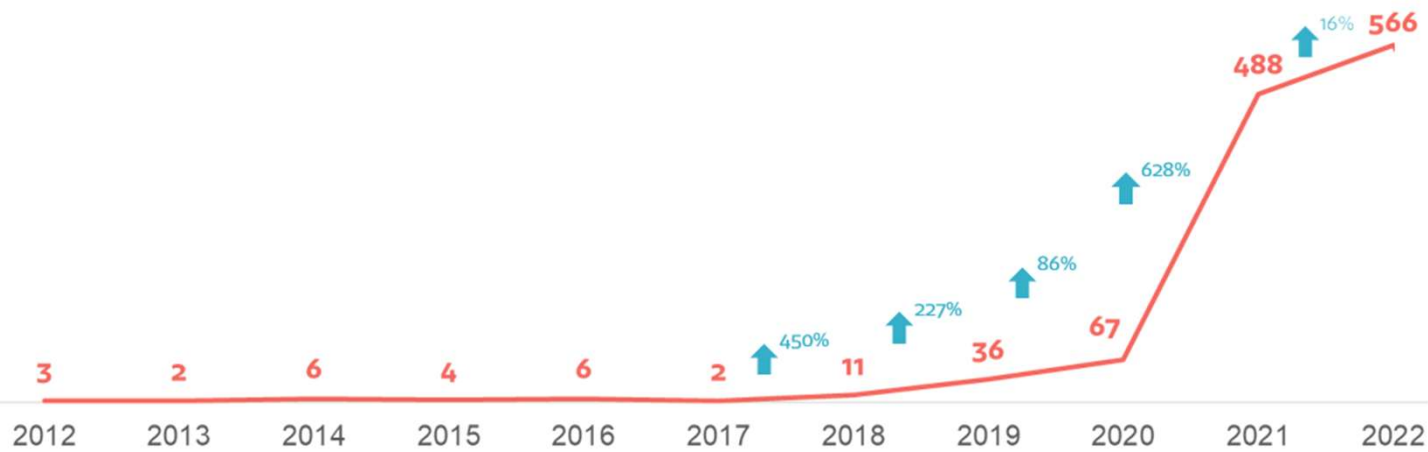
GDPL in Practice



“ The right to privacy and its associated rights to intimacy, honor and image derive from the recognition that the individual personality deserves to be protected in all its manifestations. ”

Justice Rosa Weber
Supreme Federal Court

AI in Practice



- Consumer Law
- Algorithmic discrimination
- Social media TOS enforcement
- Facial recognition
- InfoSec and Anti-fraud systems
- Credit score
- Billing
- Virtual assistant and robocall
- Generative IA



JAPAN

Takashi Nakazaki

Anderson Mori & Tomotsune | TOKYO

Metaverse regulations in Japan

<MIC Report>

- July 2023: The Ministry of Internal Affairs and Communication released the report focusing on legal issues related to avatar, establishing a digital twin world, data acquisition, interoperability of metaverse services, and UX & UI.
- Digital twin world: intellectual property issues, privacy issues, misuse of 3D data, e.g. investigation of crime escape routes, and handling of qualifications and other matters relating to acts in virtual space.

Metaverse regulations in Japan

<Cabinet Office Report>

- May 2023: The Cabinet Office of Japan released the report focusing on legal issues related to contents in the metaverse.
- The topics include intellectual property, avatar's portrait rights, avatar's performance rights, and attack against avatar, troubles among avatars and jurisdiction issues.

Metaverse regulations in Japan

<Amendment to the Unfair Competition Prevention Act>

- May 2023: Mimicry of a product violates the Unfair Competition Prevention Act. However, it is not clear whether mimicry in the metaverse is subject to the regulations.
- The government amended the Act to cover mimicry in the metaverse May 2023.



EUROPE

Magda Cocco

Vieira de Almeida & Associados | LISBOA

Metaverse regulation in Europe

A timeline of the main initiatives

Virtual and Augmented Reality Industrial Coalition

The **Commission** launched this Coalition to inform policy making, encourage investment and foster the dialogue between industry stakeholders and policymakers.

The Coalition has since held a series of workshops, published a strategic paper and developed a roadmap of the next steps for VR/AR in Europe.

Nov.
2021

Mar.
2022

'Metaverse – Virtual World, Real Challenges'

The **Council** publishes its Paper on the main challenges and opportunities of the metaverse, and how governments might respond.

'Metaverse: Opportunities, Risks and Policy Implications'

This **Parliament** briefing summarizes the potential impact of the metaverse on specific policy issues (i.e. competition, data protection, liabilities, financial transactions, cybersecurity, health, and accessibility and inclusiveness).

Jun.
2022

Apr.
2023

European Citizens' Virtual Worlds Panel

The **Commission** held a panel of 150 randomly selected EU citizens who made 23 recommendations on how to make virtual worlds fair, safe and relevant to citizens in the future.

'An EU initiative on Web 4.0 and virtual worlds'

The **Commission** adopted this strategy to steer the next technological transition and ensure an open, secure, trustworthy, fair and inclusive digital environment for EU citizens, businesses and public administrations. It relies on 4 key pillars: skills, business, public services and governance.

Jul.
2023

'Virtual worlds – opportunities, risks and policy implications for the single market'

The **Parliament** is currently drafting an own-initiative report to give its view and recommendations on the policy making initiatives for virtual worlds.

Q4
2023?

Guiding principles for virtual worlds

According to its strategy, the **Commission** will promote the guiding principles for virtual worlds put forward by the Citizens' Panel: freedom of choice, sustainability, human-centricity, health, education, safety and security, transparency and inclusion.

Q4
2023?

Governance and monitoring

The **Commission** will bring Member States together in an expert group and support the creation of a technical multi-stakeholder forum, so that all players can monitor the development of virtual worlds.

2023 –
2024?

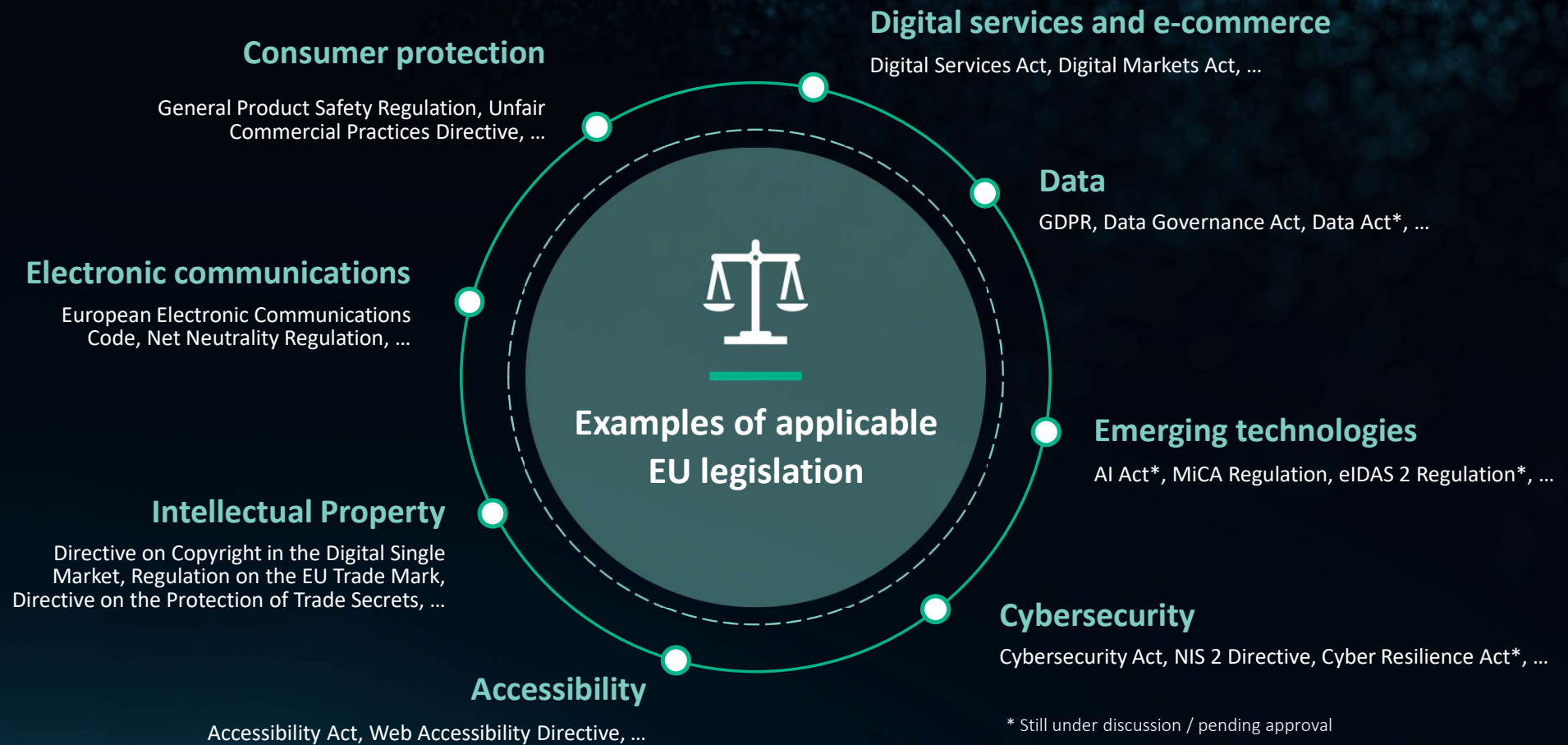
Virtual Worlds Toolbox

The **Commission** further undertook to develop a virtual worlds toolbox for the general public.

Q1
2024?

Metaverse regulation in Europe

Current or future legislative framework applicable to the metaverse



AI REGULATORY UPDATES

Filip Stoitsev

Data | MALMÖ

Working on privacy matters in a variety of roles since 2014, including within the legal department of public authority and at the data protection service of the EU Parliament. As a consultant at the Deloitte Luxembourg, assisting clients in development and implementation of privacy and data protection programs. Currently, working as a Group Data Protection Officer (DPO) at Ingka Group/Ikea Retail fulfilling the regulatory DPO role. Also acting as Co-Chair of Copenhagen International Association of Privacy Professionals (IAPP) Chapter.

INGKA™





Global overview of AI regulations

Global overview of AI (generative) regulations



Self regulation frameworks: Multilateral – OECD AI Principles, UNESCO Trustworthy AI;
Private sector – Google, IBM, Microsoft – Trustworthy AI; and Technical standards - NIST, ISO/IEC 23053:2022



United States – Administration and Congress are taking initial steps to issue legislation on AI and applying interim measures – ex. recent White House’s voluntary agreement with 7 prominent generative AI companies



China – in June, China issued its first regulations on generative AI introducing significant obligations for service providers including content monitoring, marking and data sourcing, while emphasizing the protection of user’s personal information



United Kingdom – in March, UK government issued a white paper which empowers sectoral authorities to regulated AI within their scope and indicates the government plan to establish central functions to support them

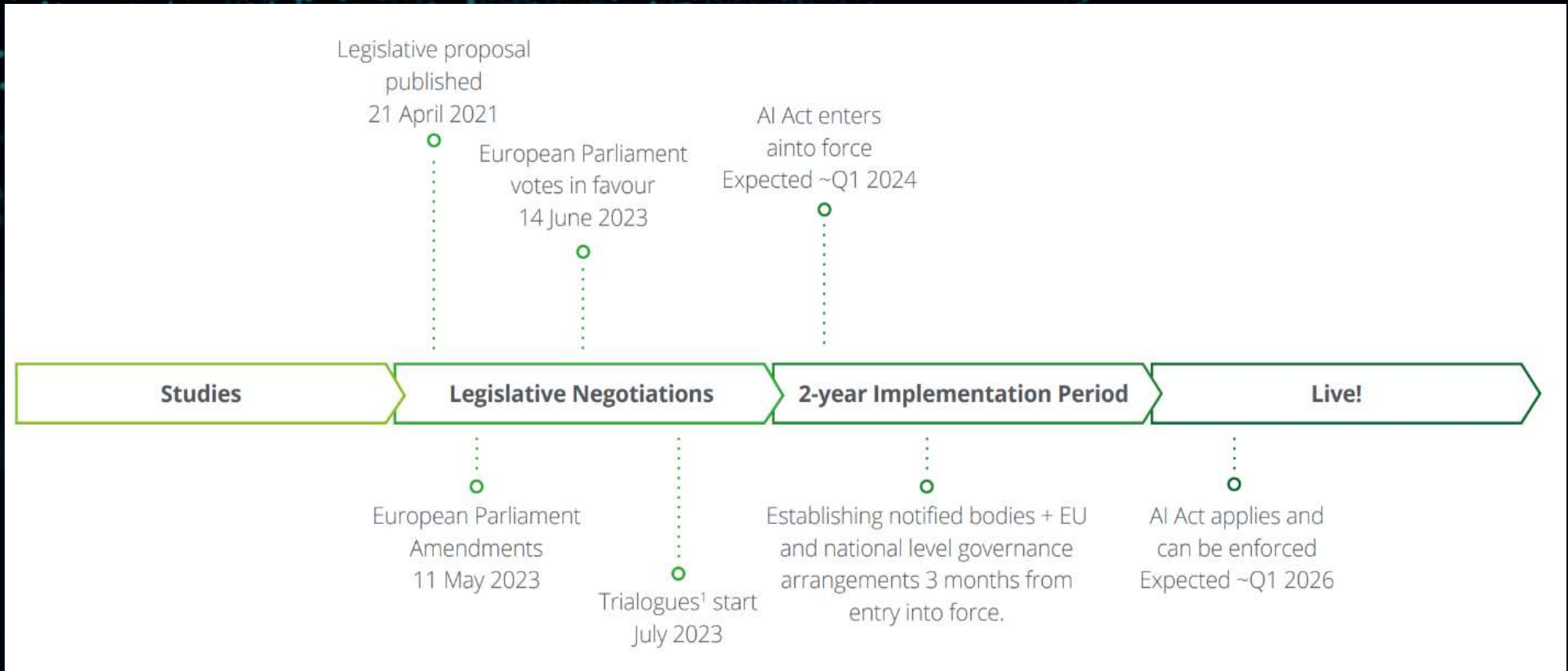


European Union – the new EU AI Act is expected to be finalized by the end of 2023, which will classify AI usage based on risk levels - *more information is provided in the next slides*



**New EU Artificial
Intelligence Regulation
is coming soon &
bringing new
compliance obligations**

EU AI Act timeline – expected to come in force by Q1 2024



AI Act has a more prominent focus on technical robustness, system transparency & social impacts

EU AI Act expected to come into force by Q1 2024

Example AI Act requirements



Robustness & Safety

resilience, accuracy, reliability of AI systems



Environmental and societal well-being

sustainability, social and societal impact



System Transparency

traceability, explainability, communication



Technical documentation & oversight mechanisms

including complaint handling & redress processes

Further notes:

- There are **many similar requirements between EU AI Act and GDPR** – differences in the content, however **identical approach to compliance**.
- **Requirements differ per AI system risk category and depending on the exact role** (user, operator, distributor, etc. of the AI system).
- Non-compliance can lead to **fines up to 7% of global annual turnover or 40mIn EUR**, whichever is higher.
- **Each Member State shall establish a national supervisor**, while the **EU AI Office coordinates across borders**.



**Bridge the compliance
gap in line with the
best global practices**

Benchmarking: best global practices in AI compliance

The use of artificial intelligence is predicted to grow by more than 25% each year

50%

Forces are being joined

50% of organizations* are building responsible AI governance | on top of existing, mature privacy programs.



Leveraging what is already in place

40% of organizations* are building algorithmic impact assessments on top of existing processes for privacy or data protection impact assessments.



Integration to avoid misalignment

There is potential for misalignment stemming from different risk terminology in AI, privacy and business operation, therefore organizations see integration of processes is a desired way forward.

What are the main drivers for integration?

1

Personal data at the core of AI utility

2

Privacy laws already cover some aspects of responsible AI

3

Data protection authorities can enforce parts of AI law

4

Transferable skills and interdisciplinary workflows

5

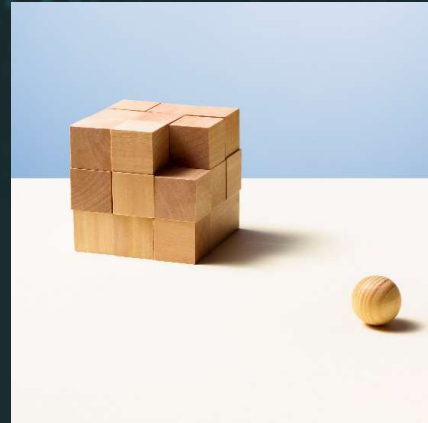
Privacy by design as a blueprint for AI by design

Next steps

Be prepared to embrace the impact



- Enhance your AI knowledge to effectively interact with stakeholders



- Understand organization's current "AI state of art" by performing a gap assessment



- Develop new processes/ controls & fine-tune the existing ones



- Establish governance model to address AI compliance



METAVVERSE —
IP Issues

IP RELATED TO METAVERSE

Takashi Nakazaki

Anderson Mori & Tomotsune | TOKYO

He is ranked as one of the top lawyers in the field of data protection and information security. He published best-selling publications focusing on GDPR in 2018 and Metaverse in March this year, and plans to publish a new publication focusing on Generative AI later this year. He also regularly supports the Japanese government in the areas of data protection and cyber law, including “the AI & Data Contracts Guidelines”, “the New Legal Issues Surrounding Content in the Metaverse”, and “the New AI Guidelines”.

ANDERSON
MORI &
TOMOTSUNE

Takashi Nakazaki
takashi.nakazaki_grp@amt-law.com

Intellectual property issues related to Metaverse

Another world, the Metaverse

- Does reproducing real-world objects in the metaverse infringe intellectual property rights? (Copyright, trademark, design right ...)

- Is anything created in the metaverse protected by intellectual property rights? (Copyright, trademark, design right ...)

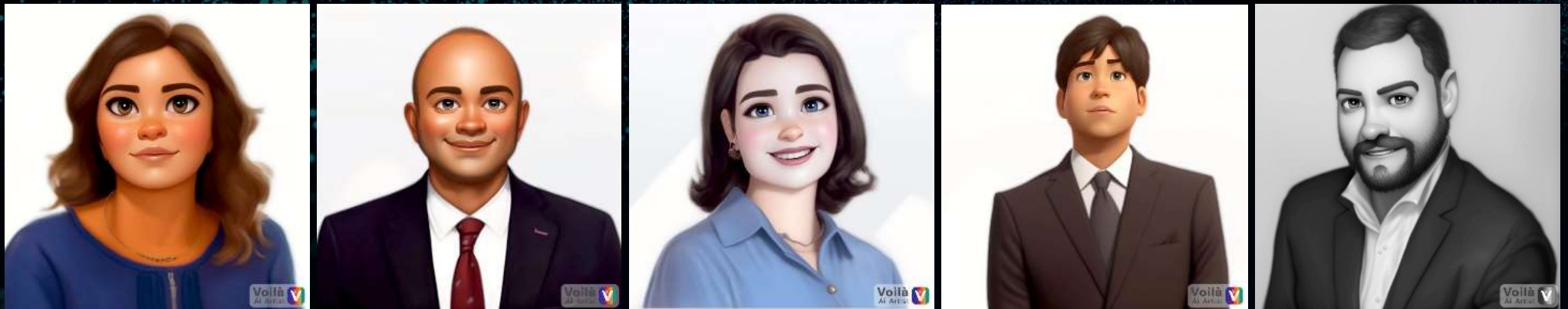
- “MetaBirkins” NFTs Case

Intellectual property issues related to Generative AI

Machine learning paradise? — Japan

- A 2018 amendment to Japanese copyright law stipulates that copyright is limited as a source for AI to learn from, meaning it can be used freely without the permission of the rights holder.
- Copyright holder organisations believe that this provision, which restricts their rights, is a threat to them after the emergence of generative AI.
- Copyright holder organisations are calling on the Japanese government to amend the Copyright Act to limit the extent to which rights are restricted.

Avatar Issues



Legal Issues related to Avatar

Can avatars be legally protected?

- Relationship between the person (inside) and the avatar

- Invasion of privacy of the avatar

- Defamation of the avatar




- Impersonation of the avatar

- Unauthorised use of the avatar's 'likeness'

- Unauthorised taking photo of the avatar's 'likeness'.

AI use cases

Privacy challenges

Use Case	Context	Privacy challenges	Type of AI
 Customer Profiling	profile segmentation based on inferred data, including assigning probability scores	lawfulness, transparency, fairness	Machine Learning
 Visitors & footfall analytics	camera-based solution providing in-depth understanding of visitors' behavior	PETs, lawfulness, transparency	Computer Vision
 Generative AI Chatbot	Enterprise generative AI chatbot	contractual responsibility, lawfulness, security, transparency	Generative AI



the global voice of
the legal profession®

THANK YOU

