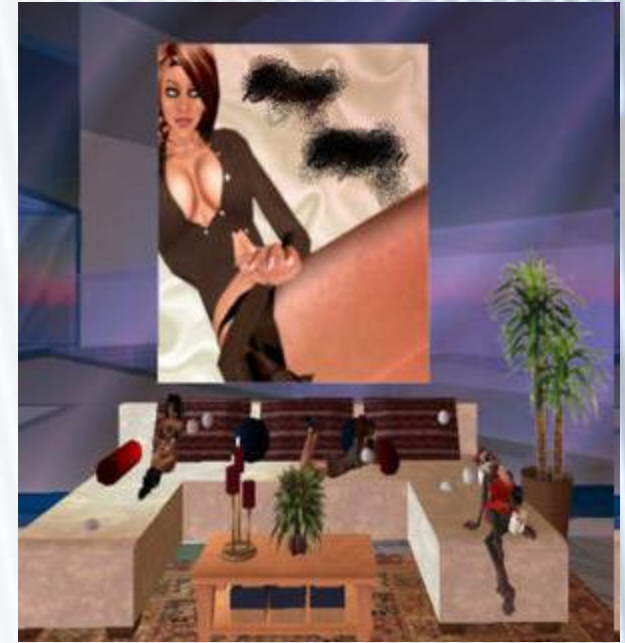
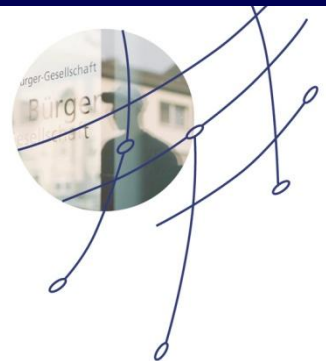


Regulatory Challenges for Virtual Worlds

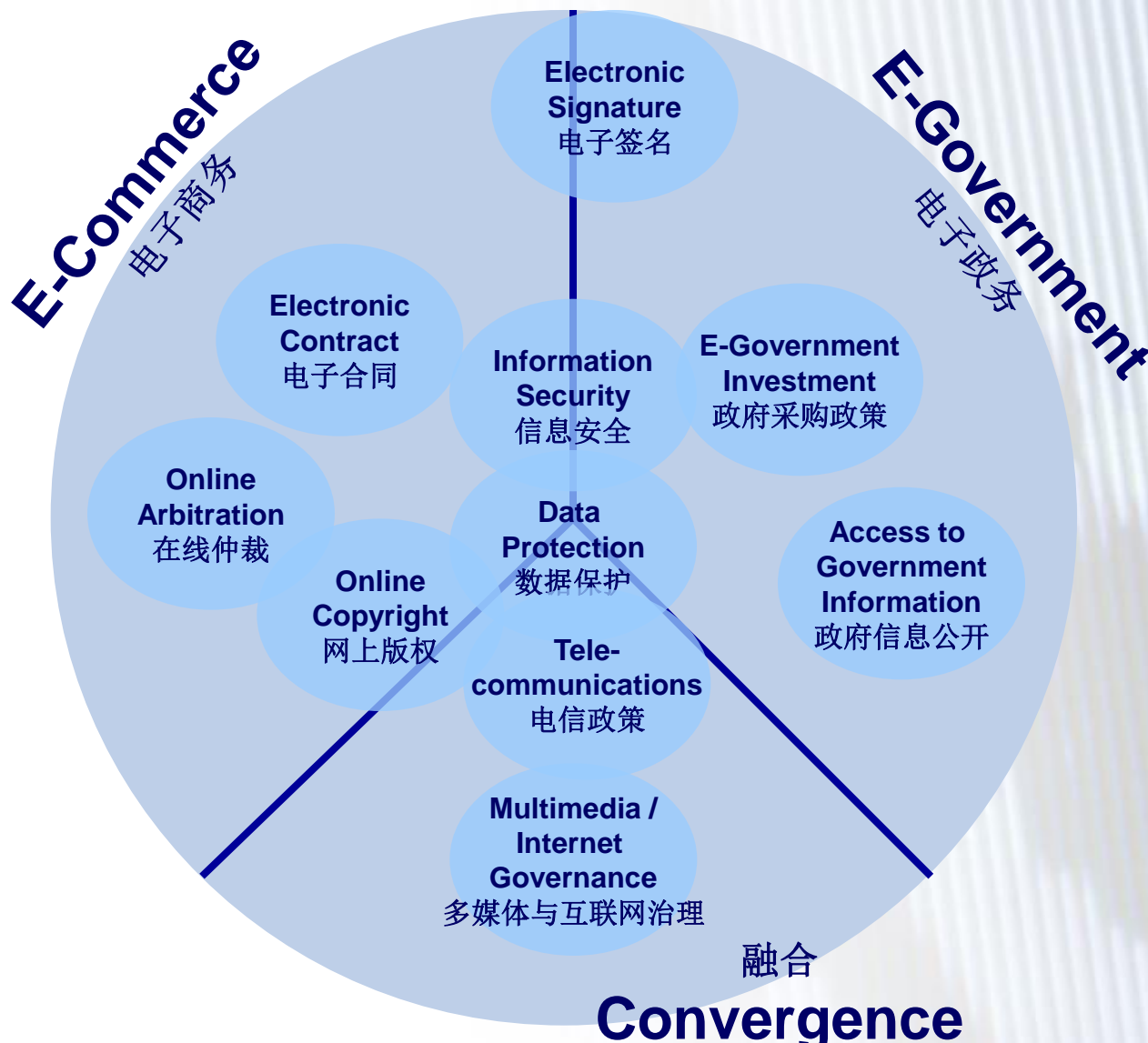


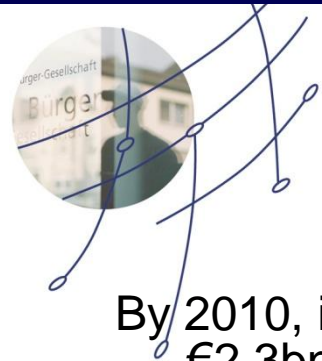
Dr. rer.pol. Thomas Hart
Regulatory Expert, EU-China Information Society Project
Communications and Media Policy Consultant
Visiting Professor
South-China University for Finance and Economics

Global Forum Convergence Bucharest 2009



My Topics





Those “virtual worlds” are increasingly real

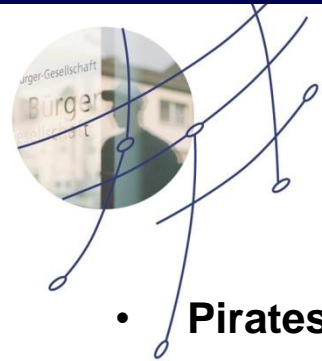
By 2010, it is expected that the online exploitation of video games will grow to €2.3bn in the EU (33 per cent of the total games market)

Main developments that may affect regulatory / policy approach:

- Massively Multi-player Online Role Playing Games / MMORPGs
- Multiplayer Social Online Game (e.g. Sims online)
- Online communities such as Second Life blur the border between games and community websites
- Serious games instrumental for training, etc.

Interesting demographics in Virtual Environments, e.g.

- Average age in Second Life is 36
- 42 per cent are older than 40
- In age group 16 – 29 the majority of users is female
- Expectations fulfilled: create your own avatar and experience virtual worlds
- Expectations disappointed: Community size, erotic / sexual contacts, earning opportunities, film / tv availability
- Most users (32 per cent) stay for around 10 months to 1 year
- Second Life visits last 2-3 hours on workdays, considerably longer on weekends (41,7 per cent say more than 6 hours)



Real Problems in Virtual Settings

- **Pirates** robbing ships and selling the contraband
- **Mafia system**, Mercenaries destroy virtual players for profit, blackmail users / avatars
- Use of **cheat software**, e.g. to buy land cheaply
- **'Griefers'** (saboteurs) wreak havoc with virtual bombs, destroying weeks of craftsmanship
- “Korea has a **Police CyberTerror Unit** dedicated to real-world crimes related to online gaming.”
- “Earlier this month, an investigation into **virtual child pornography** was launched in Germany. In the US, such material is not yet illegal.”
- “In Blizzard Entertainment's World of Warcraft, **being openly gay is forbidden** 'because it might incite people to openly dislike gays'.”
- **Advertising** to Children may be prohibited in one region, legal in another



What if...

... the software allows my avatar to kill somebody else's avatar, does that mean I am allowed to?

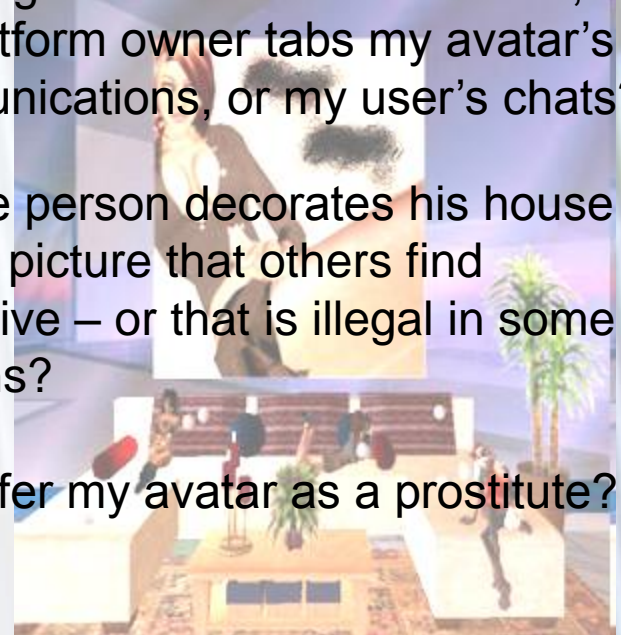
... I write my own code allowing me to "kill" other participants' avatars?

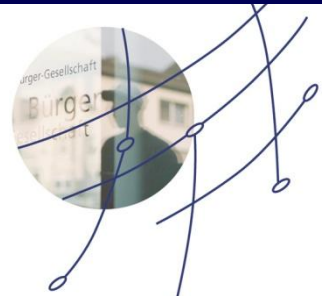


... in the investigation following the cold-blooded murder, the platform owner tabs my avatar's communications, or my user's chats?

... one person decorates his house with a picture that others find offensive – or that is illegal in some regions?

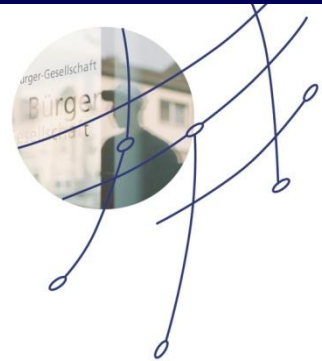
... I offer my avatar as a prostitute?





Aspects to Consider (aka “regulatory concerns”)

- **Copyright issues:** audio, video, presentations, self-created objects, e.g. Second Life houses, furniture, artwork? (case “The SL Bed”)
- **Rights and Goods transfer:** is there “property” to “virtual objects”? *Immaterial goods* where users create their own characters (separable from the platform) / or *sub-licensed elements* created by the platform provider (weapons, skills...) the usage rights to which can easily be transferred (case “real-estate swindle”)
- **Compensation:** Viruses cause rare objects to be damaged, stolen or copied: compensation claims viable?
- **Personality rights:** privacy, right of own image, name right → in principle only applicable to natural persons.
- **Insults:** An avatar cannot be insulted, a player can.
- **Commercial Law:** all commercial offers within Virtual Platforms should follow country of origin principle
- **Monetary implications:** Real cash buys virtual cash buys real cash → who asked the central bank?
- **Behavioral issues:** Identities detached from real life → Virtual experiences bear no real life risk: “we fight battles but get away without scars” (Tim Guest)



Something like a summary

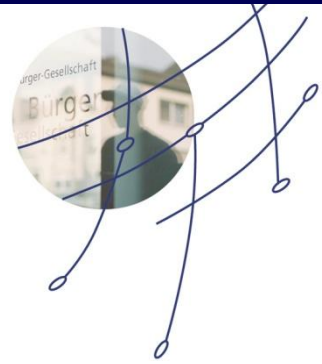
“Interactive online games are not a rights-free zone. In principle, [the national law of the user] applies, because the usage creates effects on the location of usage.

When buying and selling objects or real estate **the virtual world reaches its limits**, as the use of virtual currency leads to a real-life legal transaction.

Hence, the virtual world has arrived in real life”

(P. Klickermann)





Sorry, more questions than answers...

Contact:

- thomas@information-society.de