

# It's Time for Adoption of a Meta Magna Carta



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### The Problem

MetaLawMan recently released a research report "[Metaverse Much? Better read the fine print,](#)" reflecting findings from an in-depth analysis of the Terms of Service of 82 major metaverse projects. We found many surprising rules in these Terms of Service. But most people entering metaverse platforms never read the Terms of Service. They just check the "Agree" box and move on. Yet, that little check mark creates a contract between the user and the metaverse operator. And the terms of that contract may hold some real surprises.

What's so surprising? Here are a few examples.

- In some metaverses, the Terms of Service state that purchasers of virtual assets on the platform do not actually "own" the NFTs that they think they "bought." They cannot sell their NFTs or take the NFTs with them when they leave the platform.
- In some of the metaverses, developers and artists who create User Generated Content do not obtain intellectual property rights to their own creations.
- Some metaverse platforms allow the metaverse operator to banish a user from the platform literally for "no reason" and without giving any prior notice to the user!
- In some metaverse platforms, users are contractually obligated to travel to a foreign country if they need to litigate a metaverse-related dispute.
- In some cases, the amount of damages users may recover if they win their case is limited to a small fraction of their actual losses. One metaverse platform even purports to limit the user's recoverable damages to just \$5.00!
- In some metaverses, users waive their rights to go to court at all, and instead they must submit to private arbitration. In one of the largest metaverse platforms currently in operation, users must pursue their claims in private arbitration—and the exclusive venue for that arbitration is Panama City, Panama!
- Some metaverse operators charge commissions to the seller when a user sells a virtual asset NFT on the platform. These commissions can be as high as 30%, plus gas fees and sales tax.
- Most metaverse platforms allow the metaverse operator to change the Terms of Service at any time with minimal, if any, notice to the user community.
- Many metaverse platforms have broad "content moderation policies" that govern what users are permitted to say or do on a platform. These platforms can suspend or terminate a user's account if the user says or does something that the metaverse operator judges to be "offensive."

The problem is most users are simply unaware of these surprising rules and only learn about them when it is too late and a dispute has arisen.

### **A Modest Proposal**

MetaLawMan is proposing that the metaverse community adopt a **Meta Magna Carta** to serve as a declaration of universal rights in the metaverse. And by “metaverse community” we mean to include both the metaverse owner/operators and all their constituent users-- including developers, artistic creators, gamers, users, and investors. To be clear, we do not suggest that every metaverse should adopt the exact same set of Terms of Service. Not at all. That idea would be fraught with antitrust barriers, among other problems.

The principles of freedom to be included in the **Meta Magna Carta** should be debated and determined through a collaborative process of the whole metaverse community and should not be imposed by any centralized entity or authority.

After the collaborative adoption of a statement of principles, each metaverse project could then freely choose whether it will abide by the principles of the **Meta Magna Carta**. Those metaverse platforms that choose to subscribe to the principles in the **Meta Magna Carta** would be permitted to display an icon on their home pages signifying their agreement to the **Meta Magna Carta**. Any metaverse platforms that choose not to abide by the **Meta Magna Carta** would not display the icon, so potential users would be on notice that the Terms of Service of those platforms may not be consistent with the principles in the **Meta Magna Carta**.

### **Why should we call it the Meta Magna Carta? A quick history lesson.**

The full title of the original Magna Carta was “Magna Carta Libertatum,” which means “Great Charter of Freedoms” in Latin. The Magna Carta was signed by King John of England in 1215 at the insistence of a group of rebellious Barons who had organized resistance to the authority of the King. The Barons were rebelling against the unfettered right of the King to levy taxes and confiscate the Barons’ property as he saw fit. The Barons organized an army and seized London and other key cities in England. Given the threat to the existence of the monarchy, King John had no choice but to accede to the demands of the Barons. And so a peace treaty was drawn up which declared that the King would no longer be considered above the law—which was a radical concept at the time.

The treaty set forth certain basic principles around freedom of religion, trial by jury, and specific limitations on imposition of taxes and confiscation of property by the monarchy. The Barons and the King signed this radical statement of rights and freedoms and called it “Magna Carta.” But it didn’t last long. Only two months later, the agreement was repudiated by both sides (and by the Pope). And so began the “First Baron’s War.” While the Magna Carta was never reinstated in full, certain portions of the Magna Carta were revived over the centuries by a succession of British monarchs.

While the Magna Carta did not succeed as a peace treaty, it has served as a remarkably durable foundational text for democracies all over the world. For 800 years, the Magna Carta has served as a starting point for free societies seeking to draft a declaration of basic freedoms of the people. The Founders of the United States were all familiar with the Magna Carta and it served as an important

reference point for the drafting of the Declaration of Independence, the Constitution and the Bill of Rights.

And that brings us to the metaverse-- an entirely new world. The creators of each metaverse could be considered the modern-day Kings of their domains. Each of them has set out the rules that govern life in their metaverse—in their Terms of Service. The result has been the emergence of great disparities in how users, developers, creators and investors in these various metaverses are treated. Some Terms of Service, for example, explicitly permit the metaverse operator to banish any user from the platform without prior notice, literally for “no reason.” That sounds a lot like 13<sup>th</sup> century England, prior to the adoption of the Magna Carta. As they say, history does not repeat itself, but it often rhymes. And so, the time has come for a new Magna Carta to apply in this new realm of the metaverse.

To be clear, MetaLawMan is pro-metaverse. We want this new world of the metaverse to grow and flourish for the benefit of all humankind. We believe that, in order for the metaverse to flourish, we need a **Meta Magna Carta** that sets forth basic fundamental rights for all participants in the metaverse. Without these basic freedoms, there is little incentive for the kind of investment of time, artistic talents and money by the decentralized user community that is necessary for the metaverse to achieve its full promise.

### **What should be included in the Meta Magna Carta?**

MetaLawMan is proposing an initial draft of principles to be included in the **Meta Magna Carta** as a way to catalyze debate on these important issues.

The terms of the **Meta Magna Carta** should not be imposed by any centralized entity or authority. It is critical that the final draft of principles to be included in the **Meta Magna Carta** be debated and eventually adopted by the whole of the metaverse community, through a fully decentralized, transparent and collaborative process. A decentralized process of this magnitude and importance won't be easy. But it can be done. Perhaps the metaverse community could look to the successful operation of certain Decentralized Autonomous Organizations (DAOs) as a model.

Below are 12 Articles that MetaLawMan believes should be included in the **Meta Magna Carta**. Let the debate begin!

## **Meta Magna Carta**

### **Article 1 Ownership Rights**

Users shall have full Ownership Rights with respect to all virtual assets they buy or otherwise acquire in the metaverse.

### **Article 2 Creators' Rights**

Users shall have both full Ownership Rights and all Intellectual Property Rights with respect to any User Generated Content that they create in the metaverse.

### **Article 3 Freedom of Expression**

Freedom of expression shall not be abridged in the metaverse, except to the extent required by governing law.

### **Article 4 Due Process Rights**

No User Account shall be suspended or terminated without Due Process. Due Process includes, but is not limited to, establishment of a fair forum for the User's arguments to be heard and considered, and a means to appeal any adverse decision.

### **Article 5 Transaction Costs**

Any commissions or other expenses charged in connection with the sale of virtual assets shall be reasonable, and clearly disclosed to Users.

### **Article 6 Tokenomics**

The Tokenomics of any native currency used on a metaverse platform shall be clearly disclosed to Users.

### **Article 7 Terms of Service**

The Terms of Service governing a metaverse shall be clearly disclosed to Users and may not be amended without reasonable prior notice to the User community.

### **Article 8 Right to Privacy**

No metaverse operator or other centralized entity shall be permitted to collect, store, or sell User Data without the affirmative agreement of the User. Any loss or compromise of User Data, through a hack or otherwise, shall be promptly disclosed to the affected Users.

### **Article 9 Dispute Resolution**

Any required dispute resolution process shall be clearly disclosed to Users. No User shall be required to litigate their metaverse-related claims in a forum outside their home country of residence.

### **Article 10 Safety of Minors**

The metaverse operator shall take reasonable steps to confirm the age of Users before granting access to content not suitable for minors.

### **Article 11 Artificial Intelligence**

Any avatar that is operated by an Artificial Intelligence Bot or other computer program shall be easily identifiable as such by Users.

### **Article 12 Decentralization**

The identity of the owner and operator of a metaverse platform shall be clearly disclosed to Users. No metaverse may claim to be Decentralized if it is, in fact, owned or operated by a centralized entity.

**MetaLawMan**

**November 2, 2022**