

CRAIN'S CLEVELAND BUSINESS

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Benesch hangs out a digital shingle in the metaverse

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Decentraland

A view of the Law City office tower in the metaverse's Decentraland where Cleveland-based law firm Benesch has signed on as an anchor tenant. The Nintendo imagery in the distance belongs to a neighboring property owner.

The Cleveland-based law firm is the largest to set up a virtual office in Decentraland's Law City as the legal services industry considers the future of business and burgeoning practice areas.

Benesch's newest location is on the ground floor of a freshly built office tower that's techy and clean, although sparsely filled.

Its space in the Law City complex is still being built out, though. There'll likely be more to see in the future.

After all, this is expected to be an up-and-coming market, and the location is designed to handle some potentially futuristic amenities.

The surrounding community is in reportedly high demand and poised for further development, although there is no construction noise to be heard.

A large fountain marks one entrance to the tower, which has no nearby streets or available parking. Next door, a "thwomp" from Super Mario Bros. listlessly bobs up and down in an effort by a neighboring property owner to draw eyes to a plot they're trying to sell.

If this doesn't sound like a typical metro downtown, that's because it's not.

This is the metaverse.

"We decided we couldn't really understand our clients' issues if we were not experiencing those issues, too," said Michael Stovsky, chair of Benesch's innovations, information technology and intellectual property (3iP) practice group and head of its metaverse team. "Even though we don't sell products, we sell services. So, we figured, let's establish a presence ourselves in the metaverse and put ourselves through the paces."

Decentraland

Cleveland-based Benesch, an AmLaw 200 company and the third-largest law firm in Northeast Ohio, recently became the biggest real-world firm to take up residency in the virtual Law City.

Located in the blockchain-powered [Decentraland](#), Law City ([37, -58 Decentraland](#)) bills itself as the legal directory of the metaverse.

Since opening in April, its digital tower has secured 10 law firms, mostly small and niche outfits. Being an anchor tenant, Benesch gets a high-visibility space on the first floor.

The spaces there are free to roam through for Decentraland visitors — who can access the tower easily through their typical web browser —but they are not filled with people, avatars, art or really much of anything right now. The whole thing kind of resembles an early test version of an unfinished video game level, which could be said of a lot of the locations that compose Decentraland today.

What Law City tenants do get is a space with their branded signage complete with link to their respective websites.

They also get the marketing splash that comes with touting a presence in the buzzy metaverse world.

This could be a differentiator for firms like Benesch looking to drum up work with clients interested in the metaverse themselves, at it shows that they're actually playing in the same sandbox where customers want to be.

"Part of this is admittedly some marketing," Stovsky said. "But another part of this is the experience of doing it. I think that is actually more beneficial and has advantages with clients."

Something else metaverse firms are exploring is the prospect of a new way of conducting business and connecting with the public.

"With the way the metaverse — the way smart contracts and blockchain — comes together, you are looking at the world this next generation is growing up in. This is really the next iteration of the internet," said Lance Wyllie, a marketing director and metaverse strategist for Law City, referencing Web 3.0 technology. "It's to be seen what stays and what hangs around. But you have to be in it to know it. And like the dot-com days and the early days of Facebook and social media, the people who were there early grabbed market share. We are trying to get people to understand what is going on and the worlds in which they'll be operating in the future."

This perspective is embraced by disability law firm Liner Legal, another Law City tenant that also is based in Cleveland.

Liner's clients include people with physical and mental health impairments that can be less relevant in the digital world.

"In the metaverse, physical, real world movement is not an obstacle. The fact that the metaverse could remove this barrier for our clients is what initially piqued my interest," said firm founder and managing shareholder Michael Liner. "For a number of reasons, many of our potential clients value anonymity; another issue the metaverse could address. So initially I thought the metaverse would open a new avenue for us to offer accessibility and anonymity, which it does."

He said the metaverse presence also could act as a marketing tool for drawing in younger talent to a segment of the legal sector new attorneys don't exactly flock to.

How we got here

While the concept of a metaverse has been around for a long time, it has picked up steam in recent years with the growing popularity of games like Fortnite — where players have been able to watch exclusive live concerts in-game — and with Facebook changing its name to Meta in a nod to the digital universe.

Aspects of the metaverse could include games and virtual communities, augmented and virtual reality applications and 3D worlds where you can buy clothes or other products. The metaverse already contains a variety of storefronts where users can buy items for their avatars that are also sent to them in reality.

"The metaverse is the porting over of what we see in the physical world into a digital world where everything you would normally encounter or see is happening as well," said Joseph Raczynski, a technologist and futurist with Thomson Reuters.

Decentraland is one of several "lands" that exist within the metaverse that are not themselves directly connected to each other.

As its name implies, it is decentralized and powered by the blockchain. It is what is known as a DAO, or decentralized autonomous organization. This is a fundamental difference from something like Fornite, which is centralized and controlled by a parent entity.

In Decentraland, anyone who owns land via nonfungible tokens (NFTs) or related currency — the preferred currency in that world is the crypto token mana, which is currently valued at approximately 87 cents per coin — has voting power. The more you own, the more voting power you have.

[LawCity.com](#) is an owner of digital property in Decentraland. The company behind it is New Jersey law firm Grungo Colarulo, which also has a space in Law City.

The firm declined to say what it has spent on its metaverse endeavor or what kind of revenue Law City anticipates.

But Wyllie noted that Law City is looking for VC money to scale up, which means acquiring more virtual space. Despite the seemingly boundless nature of the internet, he said a tower in Decentraland can't be built infinitely high because there are limits to computing power.

Several businesses have already staked a claim in the metaverse on their own, including [law firm ArentFox Schiff](#), Big 4 accounting firm [PwC](#) and financial services behemoth [JPMorgan](#).

Some large companies have [thrown mountains of money](#) at scooping up digital land in the metaverse.

Portion, an NFT auction house, spent about \$1.2 million on virtual real estate in Decentraland in January. In November, Metaverse Group spent \$2.43 million on property there. They were soon followed by Atari, which bought \$4.3 million worth of land in the SandBox metaverse.

While "owning property" in the metaverse [may feel like an illusion](#), there's nonetheless real money behind it right now.

Establishing a presence in the metaverse independently for a small firm might cost between \$25,000 and \$40,000, Wyllie said, citing reports he's seen. He declined to say what Law City charges its tenants, and tenants also declined to discuss specific figures.

But Benesch is paying at least a few thousand dollars a month and has a one-year contract in place for its Law City space.

This significantly lower cost is why firms like Benesch might opt for a space in Law City versus trying to build something independently as they dabble in a metaverse experiment.

So what comes of all this?

What the future holds for law firms and businesses in the metaverse is anyone's guess.

As far as Law City goes, firms may one day be able to meet with clients or host events, among others things.

Wyllie suggested that some judges in Brazil are interested in the possibility of holding court proceedings in the digital world. Certain laws and ethical rules would need to be addressed to allow for this, just as they were with respect to conducting legal services over the internet just a couple of decades ago.

Liner, meanwhile, said his firm is looking at hosting a continuing legal education course in the metaverse.

As far as what a metaverse office might look like in the future or what role it has in the legal business, "I don't think we even got that far yet," Stovsky said. "We first want to take a look and see how this evolves and how clients respond to it."

But the key message the firm wants to convey is that it's prepared to navigate legal issues that are bound to come up in the space, which could touch on intellectual property disputes, ownership of digital assets, privacy concerns, insurance and all aspects of the blockchain.

"What we are trying to say with this is we think there are going to be new issues and new bodies of law that arise, and we want to be there when those new bodies of law are being developed," Stovsky said.

Raczynski — who also serves on the governing board for the American Bar Association's Center for Innovation and consults with law firms about the metaverse, legal needs related to it and ways to operate within it — said firms getting involved in the metaverse now do have the potential to benefit from being one of the early adopters, even if they don't completely understand what may come of it.

He also feels that the more AmLaw firms like Benesch jump into the metaverse, the more others will follow suit.

"The general view is that people are scratching their heads a bit and trying to understand what the heck this is," Raczynski said. "Once they understand what it is, they ask, does it make sense for us to get into it? This makes sense now for firms trying to be edgy. But in 10 years' time, I think most firms will have a presence in the metaverse. No question."

Inline Play

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