

Metaverse Slow To Attract Law Firms

By Emma Cueto

Law360 (July 19, 2022, 12:46 PM EDT) -- Though a handful of law firms have established some form of presence in a virtual reality or "metaverse" platform, experts say firms' migration onto such platforms is likely to be slow, with some experts skeptical of the utility of such a move.

Thus far, only about a dozen law firms have publicly announced they have entered the metaverse, whether by purchasing virtual real estate or setting up shop in a parcel of digital land owned by some other entity, with the largest firms attributing the decision to the fact that they have clients also entering the space.

While experts say there are potential benefits for firms in joining the metaverse, much about the platforms remains unclear, uncertain or potentially risky, and this will likely slow potential migration of law firms for the time being.

"There's a lot of uncertainty," said Beatrice Seravello, co-head of the NewLaw practice at Baretz & Brunelle. "Law firms tend to not want to go into the Wild West, especially the ones in the top 100, until there's more certainty."

The two largest law firms to have publicly announced a move into the metaverse are Arent Fox LLP, now ArentFox Schiff, which **purchased virtual land** in the Decentraland platform prior to its merger with Schiff Hardin LLP in March, and Benesch Friedlander Coplan & Aronoff, which **rented space in a virtual tower** in Decentraland in June.

Other tenants in the same tower, which is owned by "LawCity.com" and promises to be the metaverse's "first legal district," include 30-attorney family law firm Petrelli Previtera and New Jersey personal injury firm Grungo Colarulo LLC.

Benesch told Law360 that it felt it would be best able to advise its clients, many of which are interested in the metaverse, if it had firsthand experience in the space. Michael Stovsky, an executive committee member at Benesch and the chair of its innovations, information technology and intellectual property group, said that in his view, the metaverse is the future of the internet.

"We really started to research what clients need from their lawyers in order to step into the metaverse," Stovsky said. "What we learned is that the metaverse is ... the next iteration of the internet, a more connected version of the internet where the physical world intersects in a different way than the electronic world. And it's in its infancy right now, kind of like where the internet was in the late '90s."

ArentFox also cited the early days of the internet in its announcement, saying it was among the first firms to have a website. It said it made the move into Decentraland after helping a client, PriceWaterhouseCooper, purchase virtual land in another platform, Sandbox.

Whether more firms will follow is unclear, with some experts dubious about the value of the metaverse, at least in its current form, for law firms.

Ethan Zuckerman, an associate professor of public policy, information and communication at the University of Massachusetts and longtime metaverse critic, said in an email, "I generally think the trend of businesses moving to 3D spaces is pretty silly, and that goes doubly so for law firms."

Dan Safran, president of Unbiased Consulting LLC, said some clients in recent years have toyed with

the idea of creating avatars in virtual worlds but that he doesn't think those ideas ever went anywhere, adding, "I am a bit skeptical on this for what it is worth."

Seravello, however, said she knows of some firms that have exploratory committees looking into the idea.

"There's a real awareness around it," she said. However, she added, "there's not a driving need at the moment."

The current state of the metaverse gives plenty of reasons for hesitancy for law firms, she said, especially the potential security risks.

Seth Oranburg, a professor at the University of New Hampshire's Franklin Pierce School of Law whose research includes issues surrounding technology such as metaverse and cryptocurrency, said he expects firms will be slow to enter the metaverse.

"Law firms are conservative, so you're only going to see a few move into the space," he said.

There are very real potential benefits and risks to firms in such spaces, he said.

On the positive side, a metaverse presence can act effectively as advertising and also can act as a status symbol, given the expense that purchasing property in platforms like Decentraland can entail.

Metaverse spaces could theoretically also offer ways to meet with potential clients or interact with colleagues in ways that are more personal than video calls, Oranburg noted, contributing to everything from business development to firm culture to training junior attorneys, especially as remote work becomes more common.

On the other hand, there are plenty of risks, he said, including and especially the fact that it's unclear how secure the platforms are. Decentraland, which is among the largest metaverse platforms, also uses a cryptocurrency called MANA for purchases within the platform, which Oranburg described as "extremely unstable."

More broadly, much of Decentraland, which is powered by the Ethereum blockchain and is correspondingly decentralized, remains opaque even to the technologically literate. Oranburg said his next research project is to try to get more information about seemingly basic questions such as how decision-making works on the platform.

Decentraland is governed by a "decentralized autonomous organization" or DAO, which allows users to vote on decisions. Questions that have been put to a vote of the Decentraland DAO include everything from a recommendation by its security advisory board to pay rewards to researchers who discover potential vulnerabilities — which passed — to a bid to ban the username "Hitler" — which did not.

Exactly how voting power is allocated and how it functions, Oranburg said, is unclear from the outside, and something he wants to research.

Despite the murkiness, proponents think that eventually some version of the metaverse will be ubiquitous, in the same way that the modern internet is today despite its rocky start.

"It's the difference between the dot-com bubble, ... where a lot of shady companies were raising money in dot-com ventures, and the substantive law of the internet," Stovsky said. "We're not focused on cryptocurrencies or NFTs or any of those volatile things. We're focused on the metaverse as a ... more robust way of using the internet to do business."

Seravello said that although she expects adoption will be slow, it will happen eventually. She doesn't see any particular advantage to being the first firms to enter the space, so most likely no one feels any pressure to do so yet, especially given the volatility of the in-universe currencies and the very real security concerns.

Most likely, she said, once the first megafirm hangs a metaverse shingle, others will follow fairly

quickly — but when that might be is anyone's guess.

"I think there is going to be a time when everyone is going to have a piece of this," she said. "It's still, I would say, very, very risky, but I think there's a 'there' there. I think we're just at the very beginning."

--Editing by Marygrace Anderson and Alyssa Miller.