

# The Impact of Modern Technologies on Law: New Objects of Civil Legal Relations in Uzbekistan

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DOI : <https://doi.org/10.61796/ijaifd.v2i1.289>



## Sections Info

### Article history:

Submitted: December 27, 2024

Final Revised: December 27, 2024

Accepted: January 20, 2025

Published: January 24, 2025

### Keywords:

Virtual property

Legal regulation

Cryptocurrencies

Digital assets

## ABSTRACT

**Objective:** This study aims to explore the legal frameworks required for governing virtual and digital objects, focusing on the concept of virtual property in gaming and cryptocurrencies. The research examines whether these new forms of property should be regulated within the civil legal system in Uzbekistan. **Methods:** The research employs a qualitative analysis of case studies and legal precedents, including international examples such as the Ministry of Justice of Taiwan's recognition of virtual property as legal property and the legal implications of in-game theft. Additionally, it evaluates the evolving legal status of virtual tokens and cryptocurrencies across various jurisdictions, integrating a comparative approach to highlight regulatory differences. **Results:** The findings reveal that while virtual gaming environments are primarily governed by developer-defined rules, real-world legal consequences arise in cases such as hacking or fraud involving virtual property of significant economic value. Furthermore, virtual currencies, including cryptocurrencies and tokens, have gained recognition as property in multiple legal systems despite persistent regulatory challenges. These developments underscore the economic and legal significance of digital assets. **Novelty:** This study contributes to the emerging field of virtual property law by addressing gaps in legal recognition and proposing a framework for treating digital objects as economic assets deserving of legal protection. It emphasizes the need for civil law systems, particularly in Uzbekistan, to adapt and expand their scope to encompass the unique challenges posed by intangible digital assets. This perspective offers valuable insights for legal scholars and policymakers addressing the implications of digital transformation on civil legal relations.

## INTRODUCTION

In contemporary discourse, there are increasing calls for the regulatory governance of various technologies, with the aim of creating favorable conditions for their development. However, this approach appears fundamentally flawed: there is no inherent need for legal regulation of the technologies themselves, as the rules necessary for their use are technical norms, which do not fall within the purview of law [1].

Nonetheless, it is indisputable that legal regulation is required for the relations concerning new, virtual and digital objects that emerge in connection with or because of the application of these technologies. This raises a pertinent question: is there a necessity for specific legal frameworks governing civil legal relations concerning such objects? [2].

## RESEARCH METHOD

To address this question, it is essential first to provide a brief overview of these objects. In-Game Property, the term “virtual property” is frequently employed to refer to what is commonly known as “in-game property” – including weapons, equipment,

artifacts, in-game currency, and other forms of “property,” such as the appearance and additional abilities of a player’s avatar (character) in a multiplayer online game [3].

## RESULTS AND DISCUSSION

The realm of purely gaming relations is arguably not subject to legislative regulation – within the gaming environment, participants are bound by the rules established by the game developers [4], [5]. Given that the virtual world of the online game is a creation of the developers themselves, the rules governing the online game are solely within their discretion. A notable example is the game *Ultima Online*, which permits one character to steal items from another character within the game world [6]. Although the outrage of “online-robbed” players is understandable, it must be acknowledged that such scenarios do not fall under legal norms, as theft occurs within a virtual world where such actions are explicitly permitted.

However, the theft of the same “in-game property” takes on a distinctly different character if it is accomplished by hacking a player’s account, thereby taking place outside the boundaries of the gaming environment. Given that the value of such property can be substantial – often measured in real currency – these actions may well be construed as theft in the criminal law sense. Consequently, for instance, the Ministry of Justice of Taiwan, in a resolution dated November 23, 2011, not only recognized “virtual property” as property in the legal sense but also affirmed the criminal liability for the theft of such objects.

Moreover, it is important to note that in certain cases, legal violations occur within the virtual world but result in tangible economic consequences. For example, a lawsuit was filed challenging the decision of an administrator of the online game *Second Life*, who declared an in-game auction to be non-compliant with the rules and subsequently blocked the account of the player who had acquired property through that auction (*Bragg v. Linden Research, Inc.*, 2007, Pennsylvania). As a result of this account blocking, the plaintiff lost access to their “in-game property,” for which they had paid real money – reportedly around \$8,000.

This example illustrates that “in-game property,” possessing real economic value, constitutes an object of civil rights, and rights to such property are to be regarded as property rights.

### Virtual Property

The term “virtual property” (often inaccurately referred to as “virtual ownership” in domestic literature) generally denotes intangible objects that hold economic value but are useful or applicable exclusively within the virtual domain. The scope of virtual property is broad and, importantly, open-ended – the continuous advancement of technology suggests the emergence of new virtual objects with significant economic value. Currently, virtual property includes, but is not limited.

### Cryptocurrency

Cryptocurrency is rightly considered a form of virtual property, recognized as one of the virtual currencies. In international literature, virtual currencies are often

categorized into four groups: mobile fiat currency (used in banking payments); corporate value currency (loyalty rewards, such as customer discounts expressed in points, credits, etc.); virtual world currencies (in-game currency mentioned earlier); and decentralized currency (primarily Bitcoin, serving as an alternative to centralized bank currency). From a legal standpoint, decentralized virtual currency (commonly referred to as cryptocurrency) is not considered money or currency. However, this does not exclude it from the category of legal objects – rights to cryptocurrency, which undeniably has economic value, are recognized as property rights. Nonetheless, the contentious nature of cryptocurrency has resulted in its legal status remaining ambiguous in most jurisdictions. Although, in many countries, attempts are being made to regulate activities related to cryptocurrency, such as taxation.

### **Virtual Tokens**

It is now acknowledged that tokens, which from a technical perspective are merely entries in a distributed ledger, can represent virtually any legal phenomenon in the legal context (“The phenomenon of a token lies in the fact that it can represent anything”). This attribute complicates the classification of all tokens as virtual property.

In some instances, tokens may represent property rights to tangible assets (e.g., one token may correspond to one square meter of living space or one kilogram of carrots) or entitle the holder to “real” services (e.g., viewing a film in a cinema), or grant the right to receive company profits to those who have acquired investment (security) tokens. Therefore, only virtual tokens – those that lose their significance outside the virtual realm (such as in-game currency, points for certain actions, “reputation,” “karma,” etc.) – should be considered virtual property.

This view is supported by the *Virtual Financial Assets Act*, published by the Maltese government in May this year, where electronic money, financial instruments, and specifically virtual tokens are classified as virtual financial assets.

The constraints of this work do not permit a detailed discussion of the nature of tokens and the associated challenges of legal regulation, although this remains one of the most compelling areas of inquiry from a legal standpoint.

### **Digital Asset**

The analysis of what constitutes a “digital asset” (a term that has not yet been fully established) should begin with a brief examination of what is understood by the term “asset” in modern law. To this end, it is instructive to refer to the concept of property developed by the European Court of Human Rights (ECHR), which is often mistakenly referred to in domestic literature as the concept of “ownership”.

This concept, which is reflected in numerous ECHR judgments, involves a broad interpretation of the term “property” as used in Article 1 of Protocol №1 to the Convention for the Protection of Human Rights and Fundamental Freedoms. This approach allows the ECHR to extend the protection guaranteed by this article not only to traditional forms of property (such as physical objects, securities, intellectual property, etc.) but also to other objects that are not explicitly recognized as property in the legislation of most developed countries but possess clear economic value. With regard to

this latter category, the ECHR frequently employs the term “assets” (economic assets), which includes not only property rights but also economic interests that may not be formally recognized by law: “The concept of ‘property,’ as reflected in the first paragraph of Article 1 of Protocol №1 to the Convention, has an autonomous meaning, which is not confined to ownership of material things and does not depend on formal classification under national law: certain other rights and interests constituting assets may also be considered ‘property rights’ and, therefore, ‘property’ within the meaning of this provision”. Adherence to this concept has enabled the ECHR to treat as property (economic assets), for instance, future income, licenses and permits, business relationships and clientele, domain names, and other such interests.

## CONCLUSION

**Fundamental Finding :** This study underscores the complexities of legally regulating virtual and digital objects, particularly "in-game property" and "virtual property." It highlights the challenges posed by real-world consequences of virtual actions, such as hacking or fraud, and the evolving recognition of virtual assets like cryptocurrency and tokens as legal property in various jurisdictions. **Implication :** The findings emphasize the urgent need for comprehensive legal frameworks to address the rights and protections associated with virtual property. As digital assets become increasingly integral to economic and social systems, legal discourse must evolve to ensure their proper regulation. This includes addressing jurisdictional challenges and creating standardized approaches to digital asset governance. **Limitation :** The study primarily focuses on the theoretical aspects of virtual property regulation, with limited analysis of practical applications or cross-jurisdictional comparisons. This may restrict the generalizability of the findings to diverse legal and technological contexts. **Future Research :** Further studies should investigate the practical implications of virtual property regulation in different jurisdictions, with a focus on harmonizing international legal standards. Additionally, empirical research on the economic impact and legal disputes surrounding virtual property could provide deeper insights into shaping effective regulatory policies.

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