

IDM for Virtual Property

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Open Issues on Electronic Commerce: the Digital Identity

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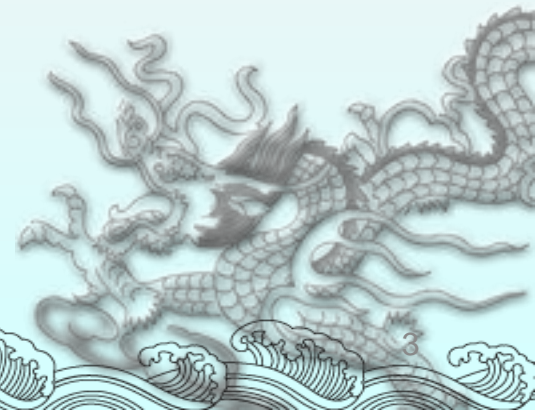
Virtual Property

- ◆ Arguably a cluster of theoretic property that holds virtually
- ◆ Including:
 - ◆ Domain names, URLs
 - ◆ User communication accounts for emails, instant messaging or social media
 - ◆ User-generated contents (blogging, social media)
 - ◆ User payment, investment and other financial accounts (Paypal, Alipay, Yu-e-bao)
 - ◆ Virtual characters or things in visual games
 - ◆ Virtual spaces like online stores (on e-commerce platforms, social media)
 - ◆ Virtual currency (Bit coins)



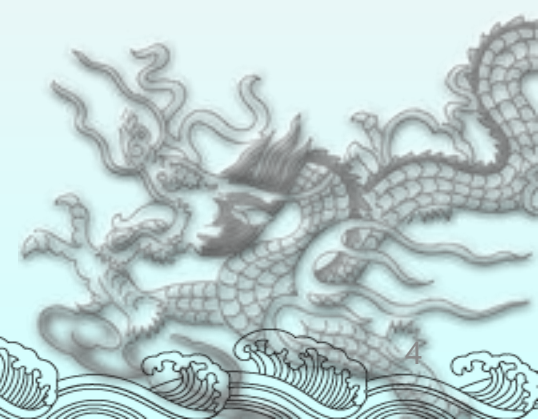
Other Hypotheses

- ◆ Physical goods
- ◆ Intellectual property (copyright and/or database right)
 - ◆ End-User Licensing Agreement
 - ◆ Who is the right holder?
- ◆ Privacy and personal data



Monetization

- ◆ Sale, lease, rental or transfer in other means
 - ◆ E.g. grey market for visual characters or things
- ◆ Inter-system transfer
 - ◆ E.g. EU data portability for consumers
- ◆ Guarantee, mortgage or securitization in other means
 - ◆ Can creditor enforce it?
- ◆ Succession
 - ◆ Natural or legal persons



Chinese Situation

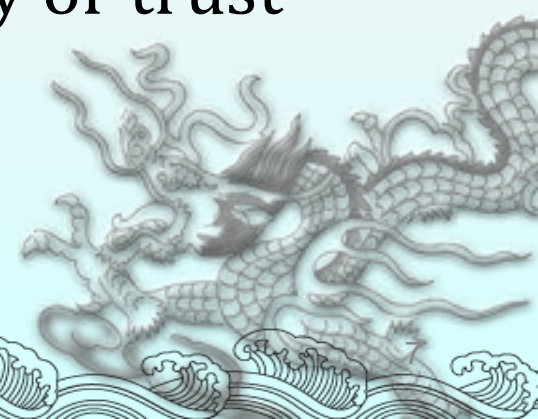
- ◆ *Li Hongchen v. Beijing Arctic Ice Technology Development Co.*, Beijing Second People's Intermediate Court (2005)
- ◆ Considered a complaint by a virtual world inhabitant against the holder of the online environment in a dispute over ownership of virtual property. The virtual property of Li Hongchen was taken by a third party when his account was hacked. The lower court determined that Beijing Arctic Ice had an obligation to restore the property to its rightful owner.
- ◆ The court of appeals affirmed the decision, and ordered restoration of the property. Although the court invoked the principles of contract in its decision, it did so to protect a distinct property right – the right of the owner to control the property as against the world, not merely as against the party who committed a wrongful action (here, the third party). The action quieted title in virtual property in its rightful owner.

Chinese Situation

- ◆ Criminal law against theft of virtual property
 - ◆ Two 17-year-old boys were sentenced for the theft of roughly RMB 50,000 worth of virtual in 2004.
- ◆ Draft E-Commerce Law
 - ◆ Transaction of virtual property
- ◆ 2013 Change of Alibaba Taobao Rules to enable transfer of account holder of virtual stores
 - ◆ E.g. split of virtual property in a divorce case
- ◆ 2014 Central Bank suspended virtual credit cards and prohibited the transaction of bit coins.

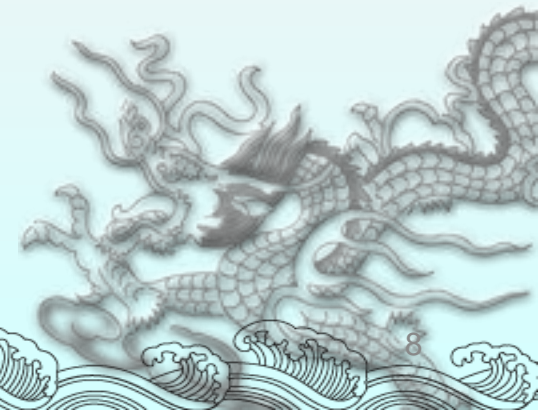
ID Management

- ◆ IDM for Digital Assets Management (DAM)
- ◆ Multichannel management
 - ◆ Contact information (emails or mobile phones)
 - ◆ Linkage with real-world ID (real name system) or eID
 - ◆ 3rd-Party authentication (Private key or trust serve)



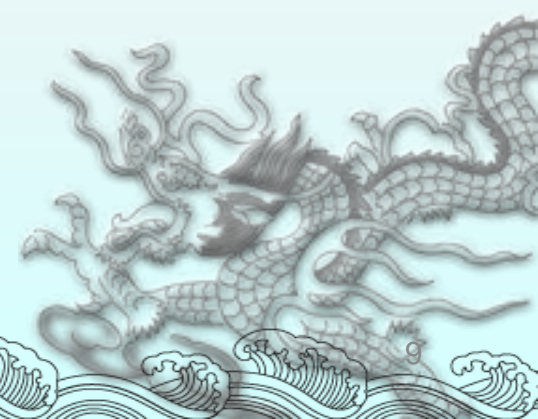
IDM to Build the Trust

- ◆ Multi-Stakeholders
 - ◆ Virtual property holder
 - ◆ Service provider
 - ◆ Innocent third party
 - ◆ Third-party authentication service
- ◆ Multi-factor assessment
 - ◆ Holder-service provider agreement
- ◆ Multi-layer authentication/authorization
 - ◆ No one-set-fit-all solution
 - ◆ Sensitive information
 - ◆ Financial transaction and interests



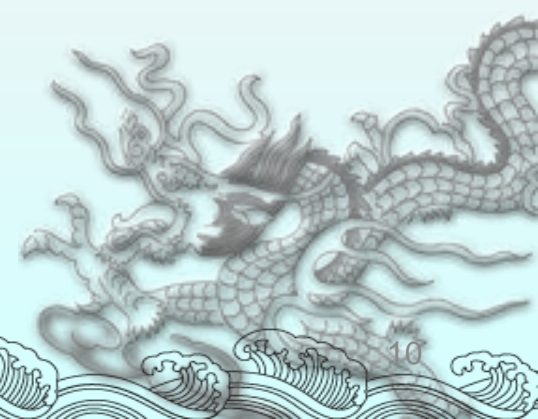
Legal Issues

- ◆ Legal effect of IDM system in both domestic and international law
- ◆ Global subsistence of virtual property
 - ◆ Except for electronic signatures under multilateral or bilateral arrangement, neither electronic identification nor any of the other trust services is defined or is currently given a cross-border legal effect by international law.
 - ◆ Jurisdiction
- ◆ Liability
 - ◆ How to define the liability of identity management systems and for trust service providers?
- ◆ Network security
 - ◆ Account hacking and ID theft



Conclusion

- ◆ Building trustable market for all the stakeholders involving virtual property;
- ◆ Developing domestic as well as international law for enabling environment; and,
- ◆ Providing legal certainty for diversified solutions of IDM



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