



# IP, Digital Identity, and Branding in the Metaverse and Web3 – Part I: Digital Identity and the Creator Economy

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This article is the first part of the series: IP, Digital Identity, and Branding in the Metaverse and Web3. This part of the series will review digital identities, their significance and importance with branding, their connection with intellectual property, and protection via blockchain technology.

## *The Increasingly Digital World*

The future of the commercial world is increasingly digital. We have seen transformations across almost every industry in the world where companies have established some form of [digital presence](#) to facilitate business transactions and marketing communication. At the turn of the new millennium, this digital presence came in the form of a website, a banner ad, an email subscription, or an information-based social media profile page. Nowadays, digital presence has expanded to virtual realms and augmented realities. The similarity between all these channels however is a digital identity.

## *What is Digital Identity?*

[Digital identities](#) can generally be defined in one of two ways. First, a digital identity can be regarded as a collection of data about an individual or company verified by an authenticating body such as a government agency. The digital identity is then used to transact safely and securely online - think of this type of digital identity as being used for online banking and accessing medical records.

Alternatively, a digital identity can refer to the online digital presence associated with an individual or brand for marketing purposes. This is sometimes known as a “soft” digital identity and can include a social media profile, email account, or presence in the metaverse. The term digital identity used throughout this article refers to the latter type.

Digital identities are used to generate an audience, known as a following, and provide information (content) to that following to inform or improve some aspect of their lives. The nature and subject of that content could vary widely (from travel to clothing, consumer reports to investment advice, world commentary to legal information), but whatever the topic may be, the content is generally willingly and openly received by consumers and usually comes for free.

## *The Value of Digital Identities*

But what is it about a digital identity that makes it valuable? Why are consumers much more likely to purchase something or support a cause shown to them through a social media account or an email? The answer, in short, is trust.

Consumers are constantly inundated with advertisements and sales messages (whether they choose to receive them or not) and digital identities help consumers filter through the clutter by giving them targeted information tied to their interest or an issue of importance. By becoming a source of relevant, useful information for followers, content creators can build trust with their audiences, grow their brands organically through word-of-mouth advertising, and eventually influence their purchasing behavior. The digital identity therefore signifies trust. Trust in turn translates to more purchases and increased revenue for the content providers (who may be referred to as “[influencers](#)”).



### *The Creator Economy*

Individuals and brand owners can use content as a tool by tying it to their digital identity to create an extension of their “in real life” identity. This digital extension allows creators to access the Internet economy and monetize their content. Such content creator monetization is known as the creator economy.

The creator economy is facilitated by software platforms such as TikTok, Instagram, YouTube, Twitch, OnlyFans, and others. Influencers can upload or create content through these platforms and profit from views or impressions, memberships, third-party sponsorships, and ad revenue. The creator economy is estimated to be valued at [\\$100 billion in 2022](#) and will only continue to rise as more people around the world gain Internet access and brand owners increase their digital presence.

The trend of using digital identities as a form of brand awareness and growth of the creator economy is furthered by the metaverse. The metaverse is a collection of immersive worlds that provide increasingly sophisticated business, gaming and social experiences in which users interact with one another in virtual environments as avatars of themselves. The metaverse is developing to be the leading source of engagement with consumers to realize revenue for brand owners. Content creators are benefitting as well, finding new opportunities to interact with their fans through virtual avatars within virtual realms.

### *Trust and Intellectual Property*

While the virtual realm opens up an entirely new area for brand owners and content creators to monetize, they must be wary on [how they advertise in the metaverse](#). How can consumers trust brands presented in the digital space and avoid being scammed by counterfeiters and imitators? How can trust be maintained between the digital identity of the brand and its community?

There are several ways of maintaining trust. For one, content creators can show their true identities, names, or faces on social media, introducing a personal level of social trust with their fans. Other content creators may choose to remain anonymous or appoint a spokesperson. Instead of using their own identity, creators alternatively can build trust through the use of a trademark – a set of words, a logo, or another type of symbol that becomes the representation for the source of their content. Over time, that mark develops goodwill through use, and the mere presence of the mark provides assurance to the consumers that the content is safe.

The content itself, including videos, photos, graphic designs, and promotional materials, may also be protected by copyright. However, (almost) anyone can “right click” to copy and paste an image, screen record a video, and republish a digital work. Tracing these unauthorized reproductions and potential infringements can be difficult given the ease of copying. When the unlawful copying is eventually discovered by the rightful owner (as was the case by one of the article’s authors – [see post here](#)), the virality of the content may already have waned, and the creator has lost the opportunity to see profit or value attribution. How then, in the digital era, can the authenticity, goodwill, and trust of a brand’s digital identity be maintained? One solution may lie in blockchain technology.

### *Blockchain*

Blockchain technology allows digital information to be tracked on the Internet. For public blockchains, such as Bitcoin and Ethereum, a user can locate information on the blockchain and trace that information back to its source. For example, if a digital good is created by a brand, a user is able to trace that digital good to the digital identity that created the digital good to confirm the digital good was actually created by that brand.

When a transaction (new block on the chain) is confirmed on the blockchain, the transaction is verified by a decentralized system of validators or miners, removing the need for centralized verification. This decentralized verification process means that it becomes difficult or nearly impossible for someone to commit a fraudulent transaction (depending on the level of decentralization a particular blockchain has). Accordingly, systems making use of blockchain are referred to as “trustless” since the ownership of the digital good is immutably (permanently) written onto the blockchain and trust is not needed to confirm the authenticity of a transaction.

Blockchain does not replace the current version of the Internet, but is rather a new layer that can be added to new or existing infrastructure online. This blockchain layer of the Internet is often referred to as web3, which will be discussed in



greater detail in the next article.

### **Concluding Remarks**

Digital identities provide an opportunity for brands to expand their online presence in an increasingly digital world. The value associated with these digital identities can be built over time by fostering trust with their audience and engaging with the creator economy. However, the use of original content and brands online also comes with risks of unauthorized reproduction, counterfeiting, and impersonation. Blockchain may be used as a tool for brand owners to add a layer of trust to digital identities and digital goods created by those identities to help protect their fans and consumers.

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