

Types of the digital assets

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Abstract: *In the realm of digital assets, the confluence of technological innovation and legal frameworks presents unique challenges and opportunities. This article delves into the multifaceted relationship between digital assets and the legal landscape. From cryptocurrencies and digital tokens to online intellectual properties, the evolution of digital assets has often outpaced traditional legal constructs, leading to ambiguities and novel legal quandaries. Through an examination of recent case studies, regulatory responses, and technological breakthroughs, this piece seeks to elucidate the dynamic interplay between the digital domain and its legal counterpart.*

Key words: *blockchain, cryptocurrency, NFT, ownership.*

In today's rapidly evolving digital age, understanding the myriad forms of digital assets has become essential. These assets, existing primarily in electronic format, have revolutionized the way we perceive value, ownership, and trade. This article delves into the various types of digital assets, shedding light on their significance, utility, and the transformative impact they have on modern-day industries and economies.

Cryptocurrencies are the Pioneers of digital assets. While Bitcoin introduced the world to decentralized digital currency, its regulatory landscape remains a patchwork. Many countries struggle with categorizing it: is it a commodity, currency, or a form of property? Legal perspectives vary, impacting taxation, usage, and investment. The creation of Bitcoin in 2009 by an unknown entity using the pseudonym Satoshi Nakamoto marked the advent of cryptocurrencies [1]. It was the first instance where value was stored, transacted, and confirmed in a completely decentralized manner, without the need for intermediaries like banks. This pioneering move set the stage for the proliferation of other cryptocurrencies and various types of digital assets, like tokens representing assets on blockchain

Litecoin and Ripple- as with Bitcoin, their status as potential securities or currencies remains debated across jurisdictions. Tokens represent a broader range of assets or utility, each with its own set of legal challenges [2].

Their primary purpose is usage rather than investment, potentially exempting them from securities regulations in some jurisdictions. However, the line is often blurry, leading to legal debates. Security Tokens are closer to traditional securities in function. In the U.S., for instance, they may fall under the purview of the Securities and Exchange Commission (SEC), necessitating compliance with relevant securities laws.

In addition, asset Tokens and Stablecoins representation of real-world assets or peg to stable commodities like the U.S. dollar places them under scrutiny, especially concerning consumer protection and potential misuse in money. Copyright law traditionally confers exclusive rights to the creator of an original work.

NFTs introduce a layer of complexity because while they signify ownership of a digital token, they don't necessarily convey rights to the digital content linked to that token. Non-Fungible Tokens (NFTs) are the unique digital assets that pose intriguing legal challenges, particularly in copyright law [3]. While an NFT confers ownership of the token, it doesn't necessarily grant ownership of the

underlying intellectual property, leading to potential disputes. Purchasing an NFT gives the buyer ownership of that specific token. However, this doesn't mean the buyer owns the intellectual property rights of the digital content associated with the token. For instance, buying an NFT of a digital artwork doesn't give the buyer the right to reproduce or distribute the artwork without the creator's permission. If an NFT owner uses the associated digital content in ways that infringe on the creator's copyright (e.g., making and selling prints of digital artwork), it can lead to legal challenges. Additionally, there may be disputes about the originality of the tokenized content or the validity of its provenance. Tokenized Intellectual Property is also considered as a digital asset. Turning intellectual assets into tradable digital assets could democratize access to intellectual property benefits. However, it also poses questions: How are royalties handled? What about infringement in a decentralized system? These are areas where law must evolve to catch up with technology.

Decentralized Virtual Platforms users invest real-world money into virtual lands and assets, issues arise concerning property rights, transfer rights, and even jurisdictional challenges, given the decentralized nature of these platforms.

The rapid evolution of digital assets is reshaping the legal landscape. Regulatory bodies worldwide are grappling with the challenges posed by these assets, trying to balance innovation with consumer protection, fraud prevention, and economic stability.

While some countries are adopting a proactive approach, drafting legislations tailored to digital assets, others are more cautious, applying existing legal frameworks and waiting to see how the landscape evolves. Legal professionals and stakeholders must collaborate to create a framework that protects investors, fosters innovation, and ensures the sustainable growth of digital assets. As digital assets continue to penetrate mainstream finance and culture, understanding the intricate dance between technology and law becomes paramount.

As we've explored, digital assets encompass a diverse range of electronic properties, from cryptocurrencies to digital art, and from e-books to software licenses. Their rise signifies a shift in how we conceptualize value and trade in the digital era. As technology continues to evolve, it is imperative for individuals and businesses alike to stay informed and adapt to the changing landscape of digital assets. Their influence on global economies, individual rights, and business operations is profound, marking them as indispensable facets of our digital future.

Reference

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