



## Call for Contributions: Competition in Virtual Worlds

### **About Epic Games**

Epic Games is the creator of Fortnite, a virtual world where people connect, meet, play, talk, compete, dance, or attend concerts and cultural events. Epic also develops Unreal Engine, which powers the world's leading games and is also adopted across industries such as film and television, architecture, automotive, manufacturing, and simulation. Through Unreal Engine, Epic Games Store, and Epic Online Services, Epic provides an end-to-end digital ecosystem for developers and creators to build, distribute, and operate games and other content.

Epic's vision is of a connected 'metaverse' where billions of players enjoy high-quality creations made by millions of developers. This submission follows [Epic's submission to the European Commission Initiative on Virtual Worlds](#) (03 May 2023).

### **Current obstacles**

Epic agrees with the European Commission's ambition for a metaverse that is "open and interoperable, with innovative applications across industry and society"<sup>1</sup>. Epic further agrees that the Digital Markets Act (DMA) provides a "robust, future-oriented legislative framework that already applies to several aspects of the development of virtual worlds".<sup>2</sup>

However, if left unchecked, Apple and Google will extend their domination of mobile ecosystems - the primary means by which Europeans access the internet - to be gatekeepers of the metaverse. They will control what shape the metaverse takes, who can access it, and on what terms. In this future, they will not only continue to stifle innovation and dominate digital commerce on smartphones, but they are likely to dominate the metaverse and all commerce taking place within it.

The Commission's immediate focus should therefore be effective enforcement of the DMA so that European consumers and developers can access and build the next wave of digital technologies outside the ecosystems of Apple and Google.

### **Principles of the open metaverse**

**Fair and transparent economy:** The metaverse should be based on an open economy in which all creators - from individual creators to large developer teams - can participate on equal terms and be rewarded for their contributions.

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<sup>1</sup>

[https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13757-Virtual-worlds-metaverses-a-vision-for-openness-safety-and-respect\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13757-Virtual-worlds-metaverses-a-vision-for-openness-safety-and-respect_en)

<sup>2</sup> <https://ec.europa.eu/newsroom/dae/redirection/document/97337> (p.15)

Epic provides accessible and affordable tools so that all creators can participate in game development. For example:

Unreal Engine is free for many users, including students, educators and hobbyists. Games developers that use [Unreal Engine](#) only pay a 5% royalty after their title exceeds \$1M in gross revenue, not at the point of creation. Non-games industries like film, television, architecture, automotive, live events, and fashion also pay nothing if their annual revenue is under \$1 million.

With Fortnite Creative Mode and Unreal Editor for Fortnite (UEFN), creators can build their own experiences and launch them directly into Fortnite. Unlike other platforms, creators building experiences in Fortnite do not earn money by selling anything directly to players. Rather, they are rewarded for the engagement they generate via Fortnite's engagement payout program. Under [Fortnite's Island Creator Program](#), Epic places 40% of the net revenue made in Fortnite's Item Shop and related real-money purchases into an engagement pool.<sup>3</sup> Epic then distributes the funds from this pool monthly to the publishers of all eligible islands, including those made by Epic, based on island popularity and player engagement.

More than 20,000 creators, including Epic, participate in this program. In the last year, hundreds of millions of dollars have been paid out to independent creators.

**Open standards to allow for interoperability:** The metaverse will require the advancement of open standards, open libraries, and open-source tools to address challenges around digital ownership, portability and interoperability. Different ecosystems should have connected economies: in the metaverse your digital self should be able to go from place to place with no change in digital item ownership rules.

Companies need to work together and respect mutual customer relationships - a principle from the early days of the web. Epic works with standards organizations and companies as part of the [Metaverse Standards Forum](#), an industry-wide effort to ensure that everyone can participate fairly in the open metaverse.

Developers should have the ability to tailor and control their own projects. Access to Unreal Engine's full source code is included from the moment of account creation and installation. Epic is also working towards interoperability between UEFN and Unreal Engine itself, which will enable creators to take work created in Fortnite and move it to other platforms.

**Open to all platforms:** People should be able to access the metaverse using lots of different devices such as gaming consoles, PCs, mobile devices, VR and AR headsets, or whatever the next computing platform might be. The metaverse should not be limited to specific devices or hardware platforms, just like the internet is accessible from a multitude of devices and platforms.

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<sup>3</sup> Fortnite 'net revenue' is the funds received by Epic after third-party platform payment processing markups and fees are deducted by Nintendo, PlayStation, Xbox, Samsung, and other sellers of Fortnite offers.