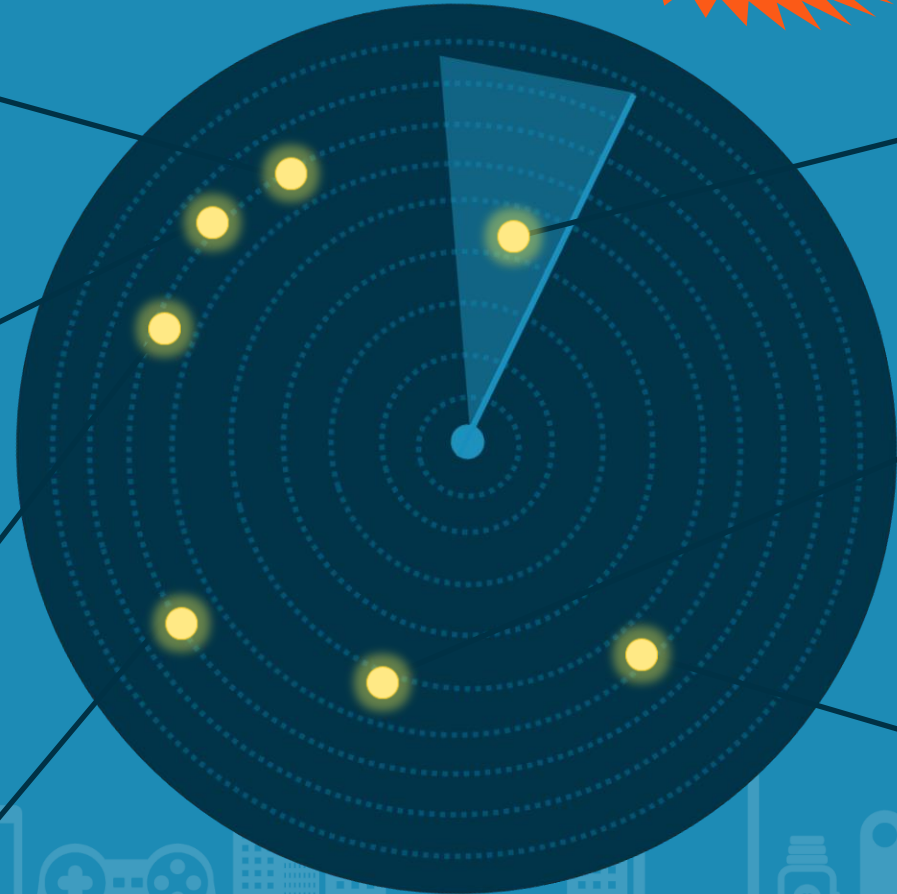


# The Osborne Clarke AI Radar

Guiding your development of AI to get ready for the EU and UK markets.



Last updated:  
March 2024



The AI Act

AI Liability Directive

GDPR/UK GDPR

EU Digital Markets Act

EU Data Governance Act and Data Act

Intellectual Property

UK Government Policy and National AI Strategy

# Why we developed the AI Radar

## Our Practice and Experience

The team at Osborne Clarke is one of the leading legal practices on applied artificial intelligence and machine learning.

Why advise clients on a range of AI related issues such as big data and GDPR, causation and liability, bias, IP and licencing, and competition. For example, team members are involved in the following initiatives.

### Our Initiatives

We don't just do the work, we are active thought leaders, adding to the wider debate and ultimately helping to shape public policy in this area.

#### UK All Party Parliamentary Group (APPG) on AI

We are Advisory Board members of this committee which is a cross-parliament body made up of Members of Parliament and peers, as well as industry experts.

#### International Technology Law Association (ITechLaw)

We chair ITechLaw's Responsible AI Committee, which is tasked with developing a practical global ethical framework for the use of artificial intelligence.

#### European Union AI Alliance

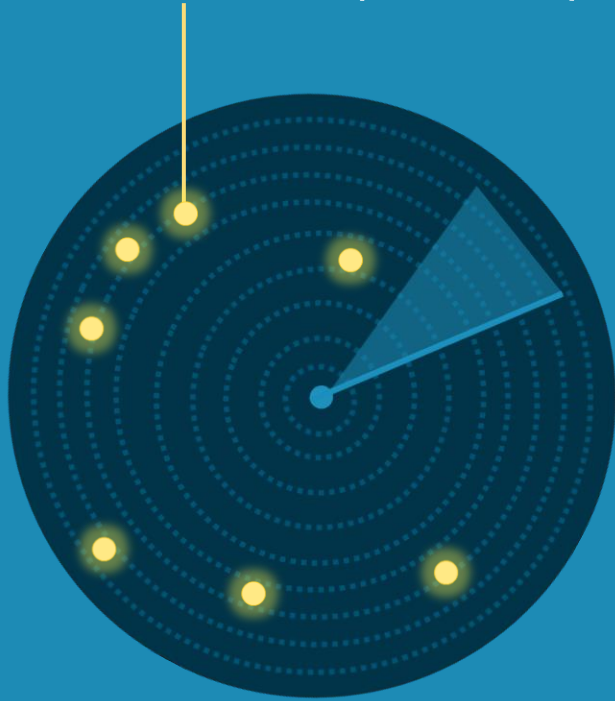
We're part of a wider consultative body to the EU High-Level Expert Group on Artificial Intelligence. We act for some of the world's most significant developers and users of this technology.



The AI Radar gives a snapshot of the current state of AI law in the EU and UK. This horizon scanning document gives an overview with high level practical key takeaways for businesses.

This radar has recently been updated in March 2024.

# The AI Act (Part 1)

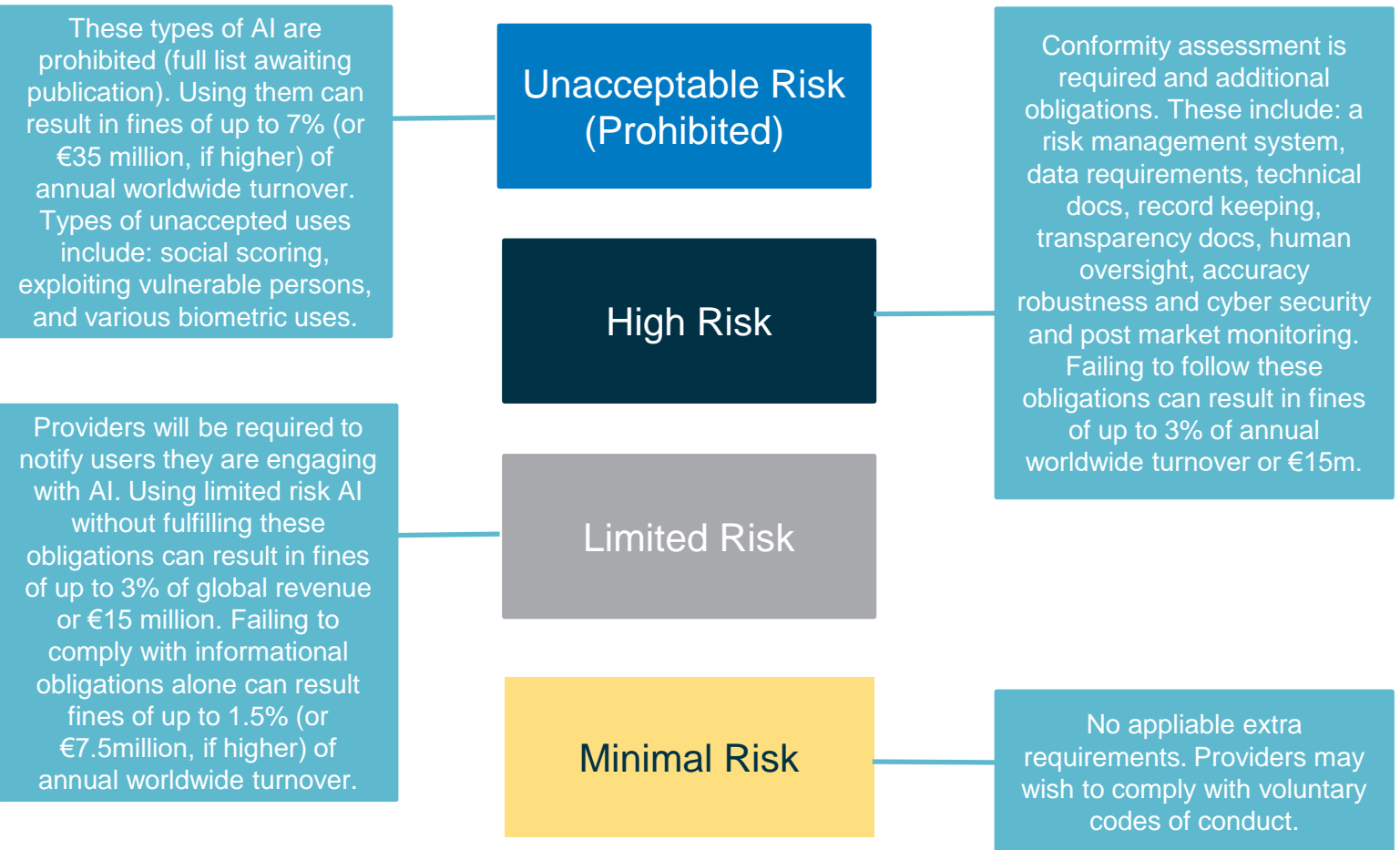


## Who will it apply to?

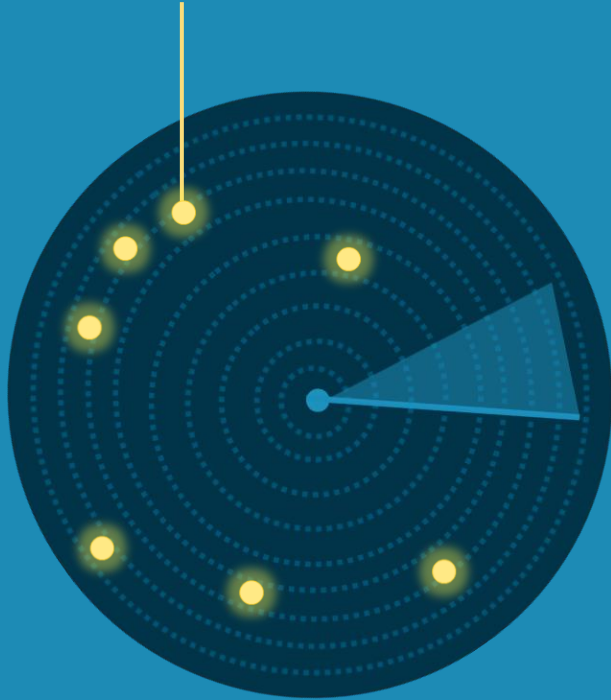
- Providers of AI systems in the EU
- Users of AI systems who are located in the EU
- Providers outside the EU where the output of the AI is used in the EU

## Risk-based obligations

When the AI Act comes into force, companies will need to identify the type of AI they are developing and the level of risk as described under the draft AI Act. The actions required will depend on the level of risk.



# The AI Act (Part 2)



## What is General Purpose AI?

The AI Act defines this as a model that is "trained with a large amount of data using self-supervision at scale, that displays significant generality and is capable to competently perform a wide range of distinct tasks".

The exact wording of the definition can be found in Article 2 of the AI Act. See our latest insight [here](#).

## General Purpose AI Obligations

The AI Act contains a parallel set of obligations where companies are dealing with general purpose AI (GPAI). A good example of GPAI is ChatGPT or similar models which are used and integrated into other systems. Providers of such models will have a variety of obligations, and more if that AI is considered to have 'systemic risk'.

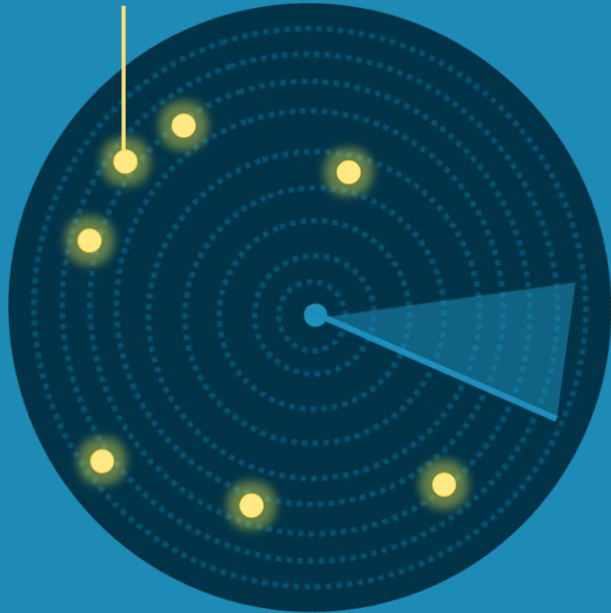
### Obligations that apply to ALL General Purpose AI

- Transparency obligations such as disclosing information to companies using the AI further down the supply chain.
- Have policies to protect copyright law.
- Prepare and publish a statement about the data used to train the general purpose AI model.

### Extra obligations for General Purpose AI with 'systemic' risk

- Applies to AI models trained with at least a certain amount of computing power (which could be subject to future change – currently set at more than  $10^{25}$  FLOPs).
- Risk assessments and risk mitigation required.
- Serious incidents will be required to be reported.
- Providers will need to conduct state-of-the-art tests and model evaluations.
- Ensure cyber-security requirements are met.
- Provide information about energy consumption.

# AI Liability Directive



## Who will it apply to?

- Providers and developers of AI systems which will be used in the EU
- Operators and users of AI systems who are located in the EU

## What will it require companies to do?

The AI Liability Directive is a newly introduced piece of draft EU legislation which will aim to make it easier for victims who are harmed for an AI system to enable them to recover damages for that harm. There are two main ways in which it does this.

1. A '**presumption of causality**'. This means that the causal burden of proof will be **reversed**: it will be for providers to rebut a presumption that their system caused the loss claimed by the victim.

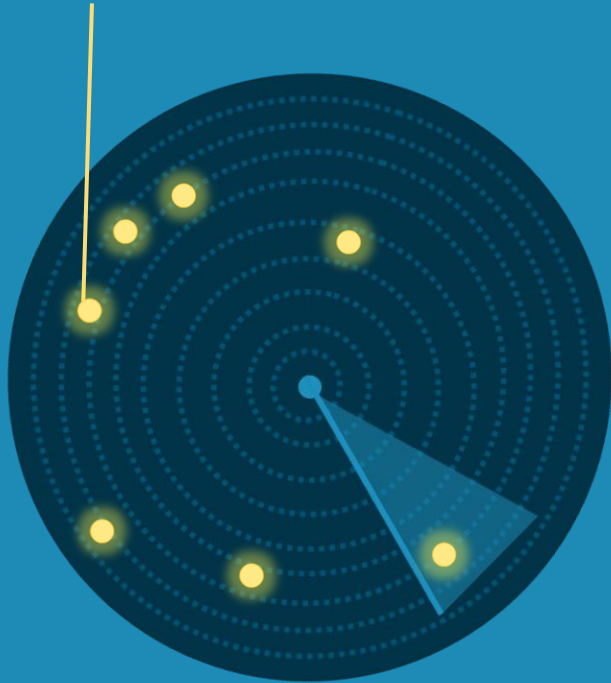
2. The introduction of the '**right of access to evidence**'. This means that victims could get information about high risk AI systems in order to help them identify who is liable for compensation.

## Practical steps companies can take to prepare

- The proposed directive is closely linked with the obligations in the draft AI Act. Companies should ensure they follow this carefully.
- Take account in increased liability risks by addressing them on risk registers and risk audits.
- Keep records of safety measures taken in development of AI.
- Consider risk management steps such as insurance or putting in place contractual safeguards to recover liability from other parties in the same supply chain.

Note that the AI Liability Directive has not progressed much since late 2022 and is unlikely to be in place before summer 2024 (which is the end of the EU Parliamentary term).

# GDPR/UK GDPR

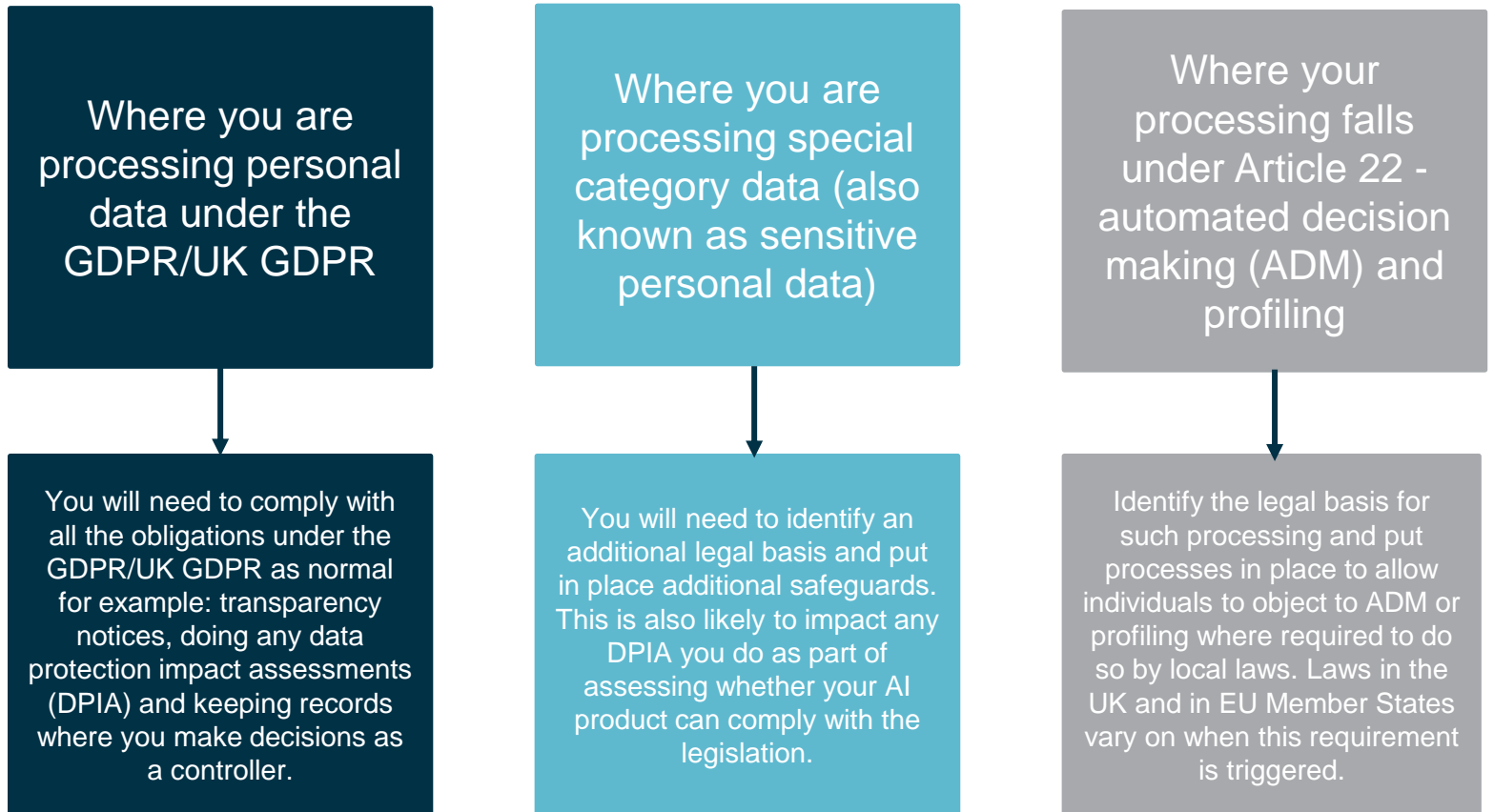


## Who does it apply to?

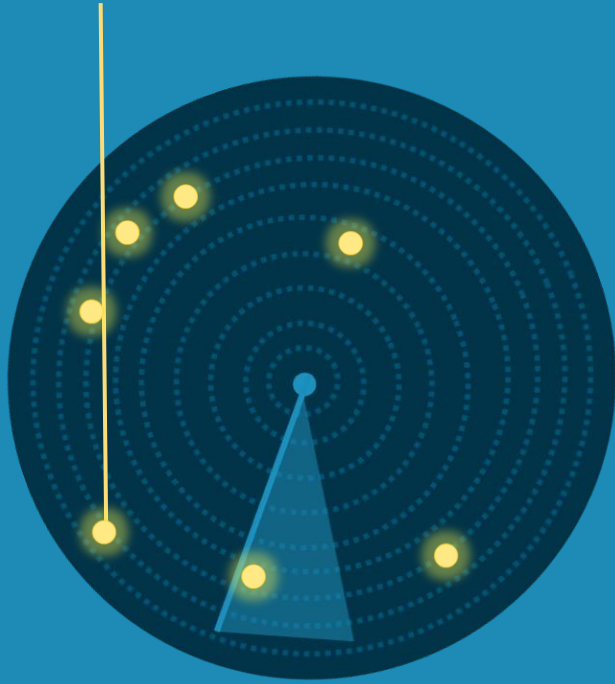
- Anyone processing 'personal data' that has come from the UK or EU as part of their AI product
- Art 22 applies to 'automated decision making including profiling'.

## What does it require companies to do?

Companies will need to identify whether they are processing any personal data from the UK and EU and take steps to comply with the GDPR/UK GDPR accordingly. The actions required for compliance depend on the data and type of processing.



# EU Digital Markets Act



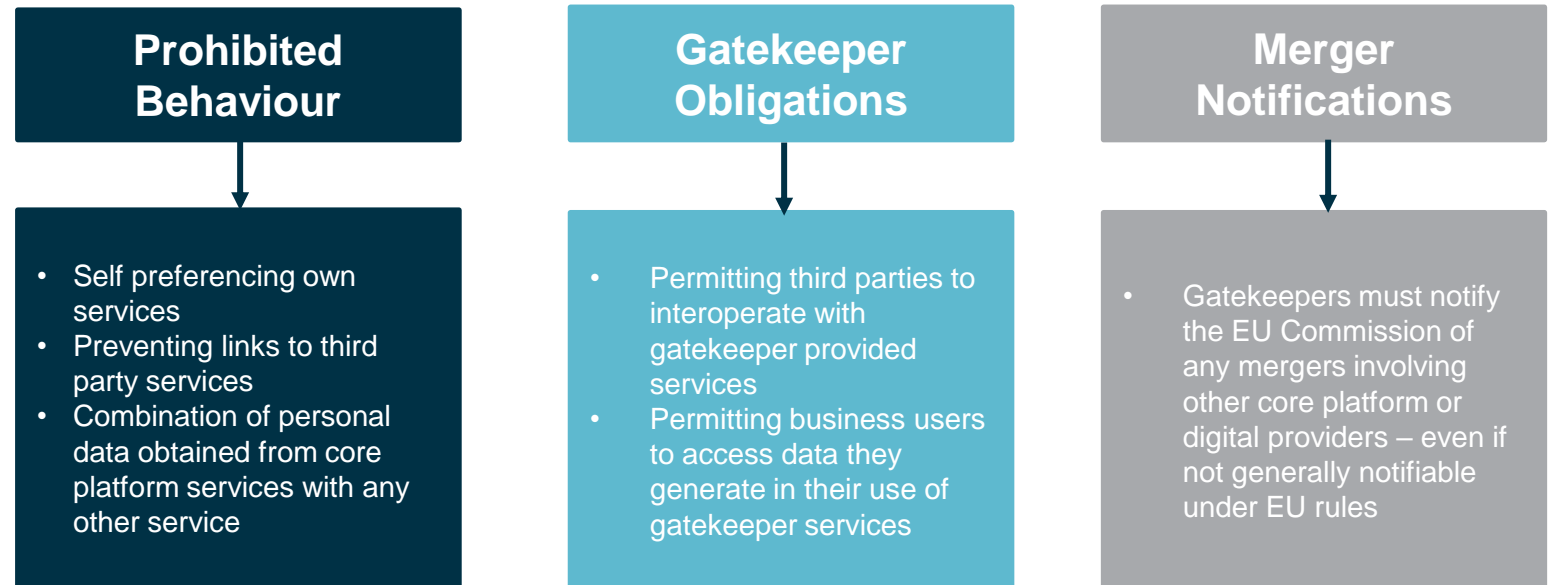
## Who does it apply to?

- "Gatekeeper" providers – typically "big tech" operators that have an annual turnover of 6.5 billion Euros or more in the last 3 years and more than 45 million monthly EU end users.
- DMA entered into force November 2022, applicable from May 2023, and creates a deadline for "Gatekeepers" by March 2024.

## What does it require companies to do?

The DMA is designed to “ensure a competitive and fair digital sector with a view to promoting innovation, high quality digital products and services, fair prices and high quality and choice in the digital sector”.

The DMA introduces a set of obligations targeted at “gatekeeper” digital players with significant scale and reach in the EU, and provides a framework for the European Commission to amend these rules. Generally speaking the measure is targeted at “Big Tech” operators. Although its primary focus is "walled garden" eco systems, it is likely that it will apply to the providers of packaged end-to-end AI systems.



# EU Data Governance Act and Data Act



## Who will it apply to?

- The DGA applies to the provider data sharing services where this services is offered in the EU.
- The Data Act applies to manufacturers of connected products and providers of related services that are placed on the market in the EU.

## What will it require companies to do?

### Transparency and notification obligations

- If you are providing data intermediary services
- If you provide a product placed on the market in the EU

### Both aim to make data more available

Cloud providers will have to help with customers switching services. Connected products' data made more available.

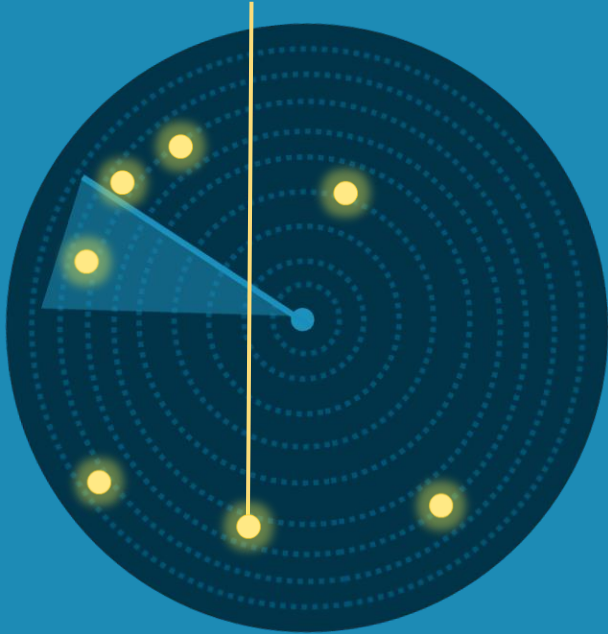
### Restrictions on anti-competitive/ anti-trust measures

Anti-competitive measures which limit access to data are restricted under both Acts.





# Intellectual Property Rights Law and AI



## Who does it apply to?

- Companies developing AI within the UK and EU or using data from the UK or EU.
- Companies wishing to protect intellectual property which was developed in the UK/EU with the assistance of an AI tool.

## What will it require companies to do?

IP laws are complex and vary between the UK and EU countries, so companies will need to check on the rules of the country they are planning to launch their AI product in. This will be especially important where they are using UK or EU data or where their AI product may itself develop IP in those countries.

- Software can be protected under copyright.
- Whether data can be protected depends on various factors (e.g., whether it qualifies as a database right, or whether it is personal data).
- The UK plans to introduce a new copyright and database exception allowing for text and data mining.
- Check license terms of open-source data.
- Both the EU patent office and UK Supreme Court have ruled that AI cannot be the inventor of a patent.
- Copyright can only currently vest in the software embodying an AI algorithm and not the AI system itself.
- Output of a generative AI system likely not protected by copyright unless significantly modified by a human creator.

# UK Government Policy and AI Strategy

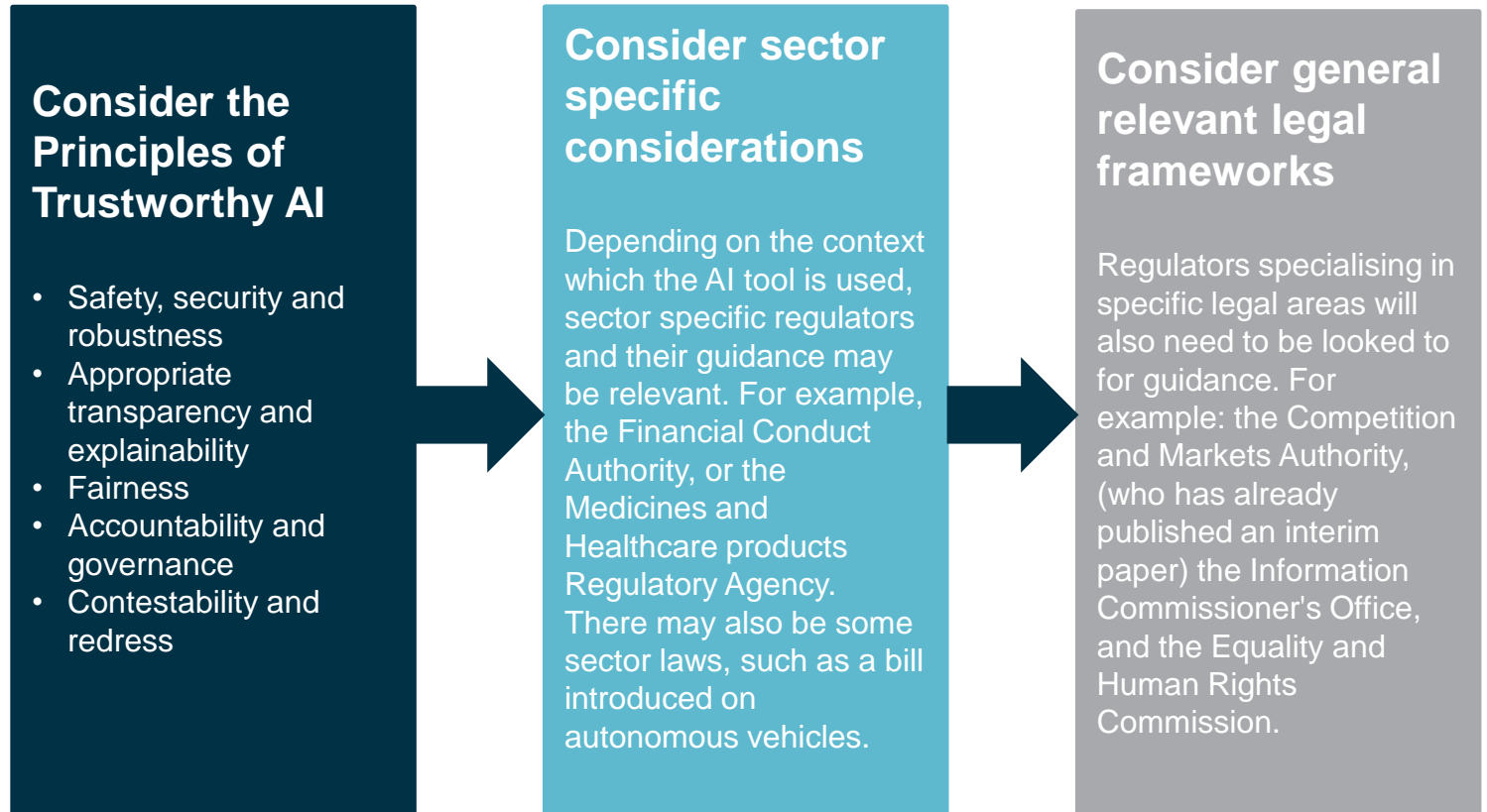


## Who will it apply to?

- Businesses developing and using AI in the UK.
- Business outside the UK, who provide products or services using AI to customers in the UK.

## What will it require companies to do?

The UK Government's AI White Paper was released on 29 March 2023, outlining the UK's approach to AI – which is focussed on principals, rather than regulating. Since then, the UK Government has consulted on this paper and confirmed that it has no plans to legislate for AI. Instead, relevant regulators will provide guidance. As part of this, regulators are required to publish their "strategic approach to AI" by 30 April 2024. See our full insight on the UK approach [here](#). As a result, businesses will need to consider the following when developing and using AI.



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## About Osborne Clarke

### Our global connections and 'best friends'

Through a network of 'best friends' we extend our reach across the globe, particularly in North America, EMEA & Asia Pacific. We have worked closely with like-minded firms in over 100 countries. We'll find the right local partner for you and wherever that may be, we will make sure that you receive the Osborne Clarke level of service.

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working with

**330+**

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in

**26**

international locations\*  
advising across

**8**

core sectors  
with

**1**

client-centred approach

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