



iag global

International Advisory Group

AI REPORT

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Prepared by: **IAG GLOBAL**

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FOREWORD

In an era marked by rapid technological growth, Artificial Intelligence (AI) has emerged as a disruptive force with the potential to revolutionize various sectors, including industry and science. However, alongside its revolutionary capabilities, AI raises complex legal and ethical international questions. This report aims to provide a global perspective on AI regulations, and to examine the distinct legal situation in different countries. This report briefly delves into the multidimensional world of AI regulations, seeking to answer essential questions that define the current global landscape.

Each country has taken a different approach to AI regulation, influenced by cultural, political, and economic factors. From the data protection-centric approach of the European Union's GDPR to the AI development-oriented policies of nations like China. This report presents the diversity of global AI regulations and their impact on the worldwide AI ecosystem.

Second, and one of the most controversial matters raised in the report, is the ownership of AI-generated works—whether artistic, literary, and/or others. The ownership approach varies significantly from one country to another. The following report provides insights on how intellectual property rights are interpreted and allocated, clarifying the implications for AI developers, content creators, and society as a whole.

The report also addresses the question of legal and economic risks associated with the use of AI during day-to-day duties. Across nations, businesses are navigating through different legal landscapes while integrating AI technologies. This report outlines how various legal frameworks address issues of liability, data protection, and workforce transformation. Moreover, it includes real-world examples from multiple jurisdictions illustrating the challenges and opportunities faced by different countries.

Finally, authors present their experience in the use of AI within their legal profession, considering possible threats and opportunities. Legal practitioners worldwide are adopting AI for various purposes, from document review to predictive analytics. By examining the experiences of legal professionals in different countries, this report provides a brief and comparative analysis of the benefits, risks, and ethical considerations associated with the implementation of AI into legal practice.

The following report will be helpful for any legal professionals and IT entrepreneurs, as well as for anyone interested in trying to navigate the complex world of AI in our interconnected global society.



AUSTRIA

“Regulating AI. Is it possible?” - Are there any legal regulations on Artificial Intelligence in Austria? What are the current and/or expected legislative directions thereof?

The Austrian government recognized the potential of AI technologies and published the “Artificial Intelligence Mission Austria 2030 (AIM AT 2030)” as early as 2021. As of now, however, the Austrian legal framework does not contain (general) legal provisions that deal with the regulation of AI systems. Nonetheless, isolated (often indirect) approaches to regulating specific AI applications can be found, such as in the “Automatisiertes Fahren Verordnung – Automated Driving Ordinance” (essentially for testing purposes). Within the “Forschungsorganisationsgesetz – Research Organization Act”, a specific legal basis for processing personal data relating to the transfer of technology and knowledge can be found, provided that the data and the underlying technology cannot be separated (as it is often the case with non-symbolic AI).

Likewise, national courts have already dealt with various AI cases, as shown by a recent decision by the Austrian High Court dealing with a legal tech company providing legal services using AI.

At the European level, the GDPR (which is also directly applicable in Austria) contains provisions on automated decision-making including profiling, thus indirectly covering certain AI systems. The European Commission has also presented several proposals to regulate AI systems, which are expected to be adopted soon: the AI Regulation, the Directive on Non-Contractual Civil Liability rules to Artificial Intelligence, and (indirectly) the Directive on Liability for Defective Products. In view of the technological progress and public reception, we expect to see an increased number of national and European legislative measures as well as court actions.

“Is AI an author?” – Who owns the right to works created by Artificial Intelligence from a legal perspective?

To be eligible for copyright protection pursuant to Austrian copyright law (“Urheberrechtsgesetz – UrhG”), a work must constitute a peculiar, intellectual creation and must be assigned to a work category of the UrhG. If the result of an AI is presented in natural language, it could – at first sight – be assumed a literary work. Peculiarity means that the work must have an individuality and originality resulting from the personality of the creator and the inner essence of the intellectual creation, meaning in consequence that the process must start from a human being. It is discussed that if a human being operates the AI, the input could constitute a work within the meaning of the UrhG under the required criteria as long as the origin lies in the action of a human being; thus, the input must already be a peculiar, intellectual creation – insofar as the human being only provides a brief input and the AI system, however, provides a very detailed result, the output of the AI system may not be considered the origin of a human creation because no independent thought process was at the basis. It is therefore necessary that the input itself already represents the result of an intellectual creation, whereby the individuality and originality are expressed. Despite extensive discussion in the literature, however, many questions await to be answered by the competent courts.

“AI in business – is this the end of human skills?” - What types of legal and economic risks associated with the use of AI do you recognize in your clients’ businesses?

The implementation of AI systems gives rise to numerous emerging problems, especially in the fields of warranty and liability law, leading to considerations in the literature on the development of a new strict liability. With regard to Large Language Models (LLM) that may be used by companies to gather legal advice, hallucinating poses a major problem that may lead to severe consequences for the company using such systems. From a data protection perspective, data-driven AI models require enormous amounts of (also) personal data to function properly. Ensuring that this data is processed in line with the legal framework (especially regarding the principles of data processing as defined in Art 5(1) GDPR and the exercise of data subject rights), may be considered a major challenge.

Regarding copyright law, the use of LLM may incidentally lead to a violation of copyrighted works that were used as training material. Biased decisions of such systems, based on insufficient training data, may also infringe the rights and freedoms of individuals, leading to a careful consideration of the use of such systems.

Legal AI – a threat or an opportunity for legal business? Do you use Artificial Intelligence in your legal practice (please describe the scope and purpose)? What benefits/risks do you recognize when using Artificial Intelligence as a lawyer?

Provided that suitable and legally secure models are available, it is conceivable that in the future these models will be able to support lawyers in everyday legal work, both in literature and case law research and in the preparation of draft contracts and pleadings.

We are also constantly looking at which legal tech tools are being developed and which possible applications are conceivable for us. In the medium term, specialized applications might replace "manually performed" due diligence in terms of their ability to analyze large-scale unstructured data. This will result in a win-win situation: lawyers will be largely relieved of the routine task of data entry, which will lead to efficiency and time benefits. At the same time, clients' costs are reduced. However, not least in view of possible hallucinations of the system, the lawyer must always retain control as to whether the results generated by the AI are deemed to be correct and complete. It must also be noted that intelligent data processing has already existed in the day-to-day work of law firms for more than 30 years (e.g. speech recognition, automated translations or spell checks). What we are currently experiencing, however, is that the level of complexity and performance of intelligent applications has increased exponentially in the last five years.

We are convinced that in the near future more products will appear that are tailored to the specific needs of law firms, such as personal assistants, project management tools or strategy planners. However, their use requires a legally sound framework, which has yet to be created; it remains to be seen whether the AI regulation currently being negotiated in the trilogue procedure may bring relief. In ten years' time, however, the profession of lawyer will no longer be comparable with today's job description in some areas.

About the authors:

*Saxinger, Chalupsky & Partner Rechtsanwälte GmbH
Address: Böhmerwaldstrasse 14,
Linz, 4020*

