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The EU and UK Approach to AI

Regulatory Framework for the Deployment & Use of Generative AI

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Table of Contents

- I) Traditional AI vs. Generative AI

- II) The EU Approach

- III) The UK Approach

- IV) Questions

Traditional AI vs. Generative AI

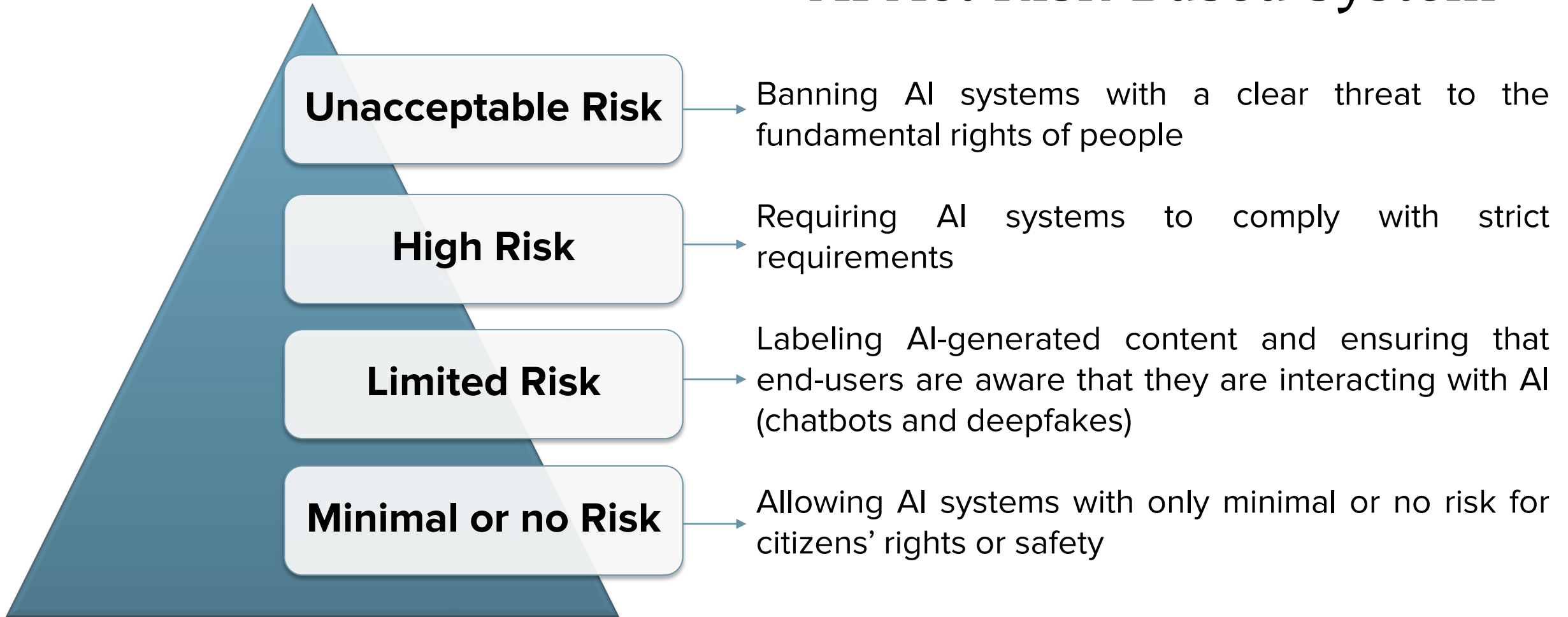| TRADITIONAL AI	GENERATIVE AI
• Specific task-focused • Analyzes existing data to classify/make predictions • Less creative • Aims to automate tasks • Enables complex calculations • E.g.: Netflix film recommendations, Google Translate, etc.	• Artificial intelligence technologies with generative capabilities • AI focused on the creation of new data sets • Uses machine learning models to solve new problems, create new content and ideas (text, sounds, images, etc.) • E.g.: ChatGPT, Dall-E, Midjourney, Stable Diffusion, Bard, etc.

The EU Approach

Landmark EU AI Act Published in the Official Journal of the EU

- December 9, 2023, the European Commission announced a political agreement between the European Parliament and the Council on the EU "AI Act", as proposed by the Commission in April 2021

- After approval by the European Parliament on March 13, 2024, and formal approval by the European Council on May 21, 2024, the AI Act has been published in the Official Journal of the EU on July 12, 2024

AI Act Risk-Based System

Unacceptable Risk

Banning AI systems with a clear threat to the fundamental rights of people

High Risk

Requiring AI systems to comply with strict requirements

Limited Risk

Labeling AI-generated content and ensuring that end-users are aware that they are interacting with AI (chatbots and deepfakes)

Minimal or no Risk

Allowing AI systems with only minimal or no risk for citizens' rights or safety

AI Act Governance

The European AI Office

- Creation of a new EU AI Office within the European Commission to:

    - ✓ ensure coordination across the 27 EU Member States
    - ✓ monitor and supervise the implementation and enforcement of the new rules on general-purpose AI models and systems

- First body globally that enforces binding rules on AI and is therefore expected to become an international reference point

EU Member State Level

- Supervision by national competent market-surveillance authorities of the implementation of the new rules at a national level

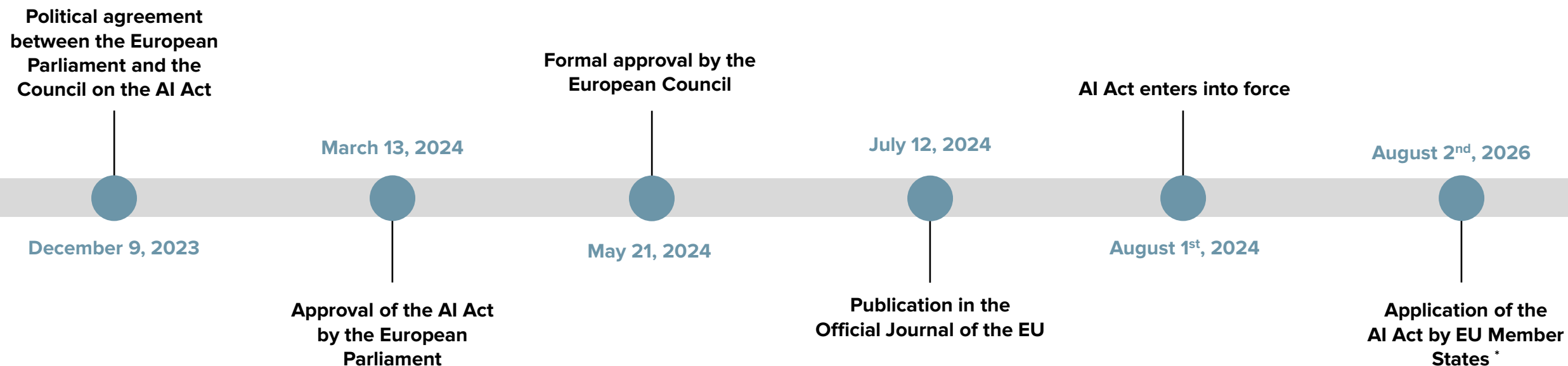- Criticism of the AI Act

Consequences of Breach

AI ACT FINES

- Up to €35M or 7% of global annual turnover for violations of banned AI applications, whichever is higher
- Up to €15M or 3% of global annual turnover for violations of other obligations, whichever is higher
- Up to €7.5M or 1% of global annual turnover for supplying incorrect information, whichever is higher

LIABILITY

- Draft "AI Liability Directive" introduced by the European Commission on September 28, 2022
- Makes it easier for claims to be brought for harm caused by AI
- Addresses the specific issues with causality and fault linked to AI
- Ensures that claimants suffering loss in fault-based scenarios will have recourse to damages or other appropriate remedies
- Still needs to be considered by the European Parliament and Council of the EU
- Once approved, a two-year transposition

AI Act Implementation Timeline

Political agreement between the European Parliament and the Council on the AI Act

March 13, 2024

Formal approval by the European Council

July 12, 2024

AI Act enters into force

August 2nd, 2026

December 9, 2023

May 21, 2024

August 1st, 2024

Approval of the AI Act by the European Parliament

Publication in the Official Journal of the EU

Application of the AI Act by EU Member States *

* By exception, certain provisions will apply as of 6 months, 1 year, or 3 years following entry into force.

CLE Code

45273

The UK Approach

UK Strategy: From AI White Paper to Draft Bill

A pro-innovation approach to AI regulation

March 2023

Department for Science, Innovation & Technology

Artificial Intelligence (Regulation) Bill [HL]

[AS INTRODUCED]

A

B I L L

TO

Make provision for the regulation of artificial intelligence; and for connected purposes.

AI White Paper

"*A heavy-handed and rigid approach can stifle innovation and slow AI adoption. That is why we set out a* **proportionate** *and* **pro-innovation** *regulatory framework. Rather than target specific technologies, it focuses on the* **context** *in which AI is deployed.*"
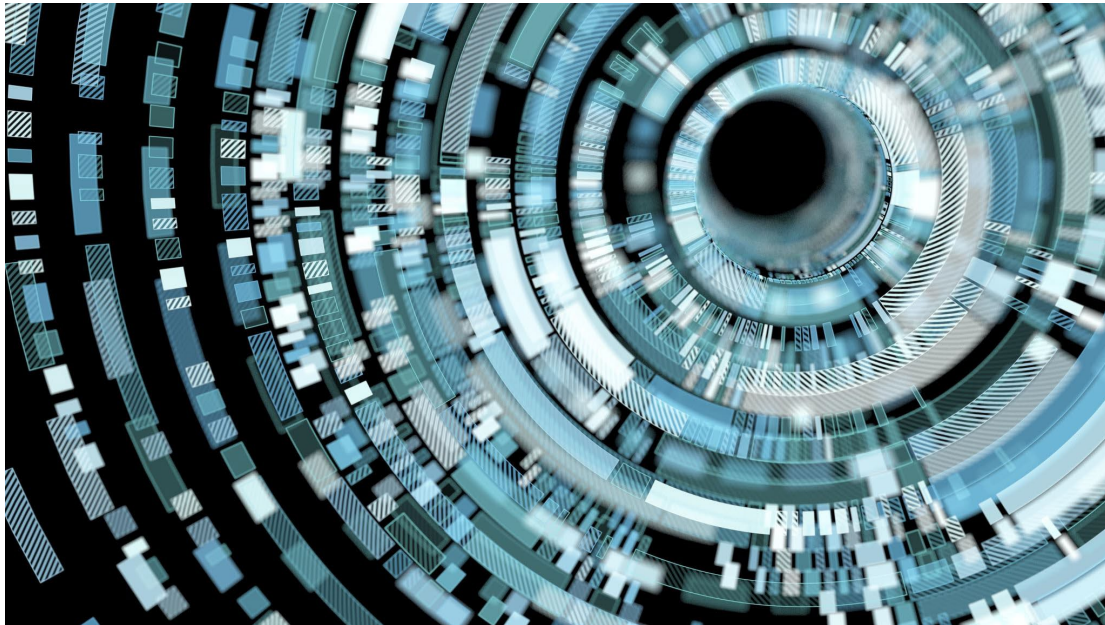
(page 2 of the AI White Paper)

AI under UK law

7   Interpretation

(1)   In this Act "artificial intelligence" and "AI" mean technology enabling the programming or training of a device or software to—

    (a)   perceive environments through the use of data;

    (b)   interpret data using automated processing designed to approximate cognitive abilities; and

    (c)   make recommendations, predictions or decisions;

with a view to achieving a specific objective.

(2)   AI includes generative AI, meaning deep or large language models able to generate text and other content based on the data on which they were trained.

Artificial Intelligence (Regulation) Bill

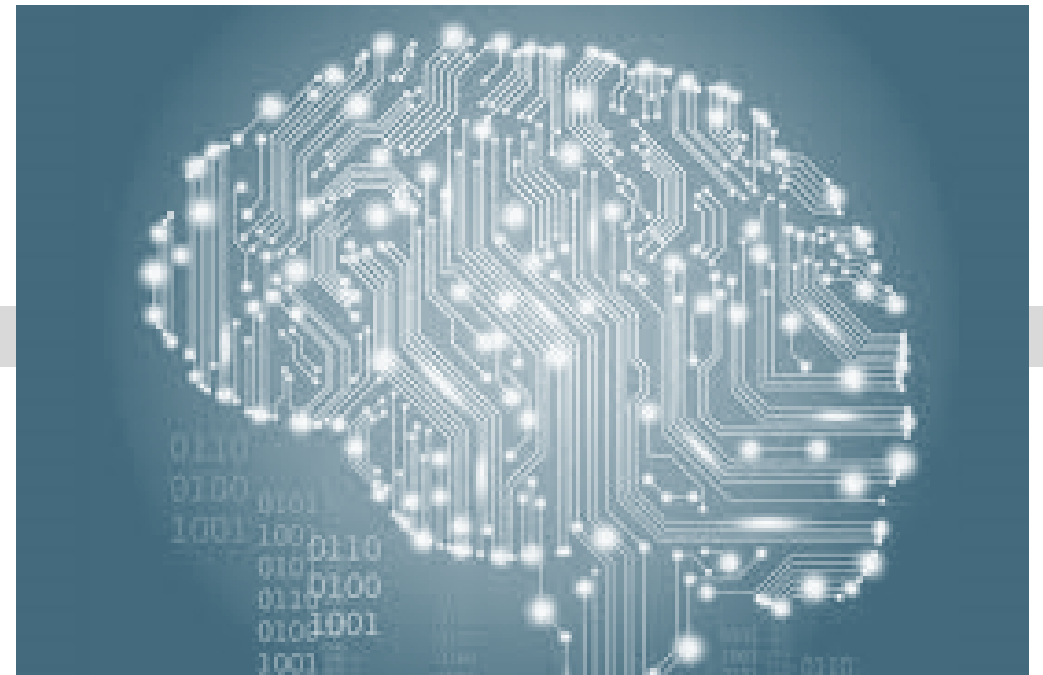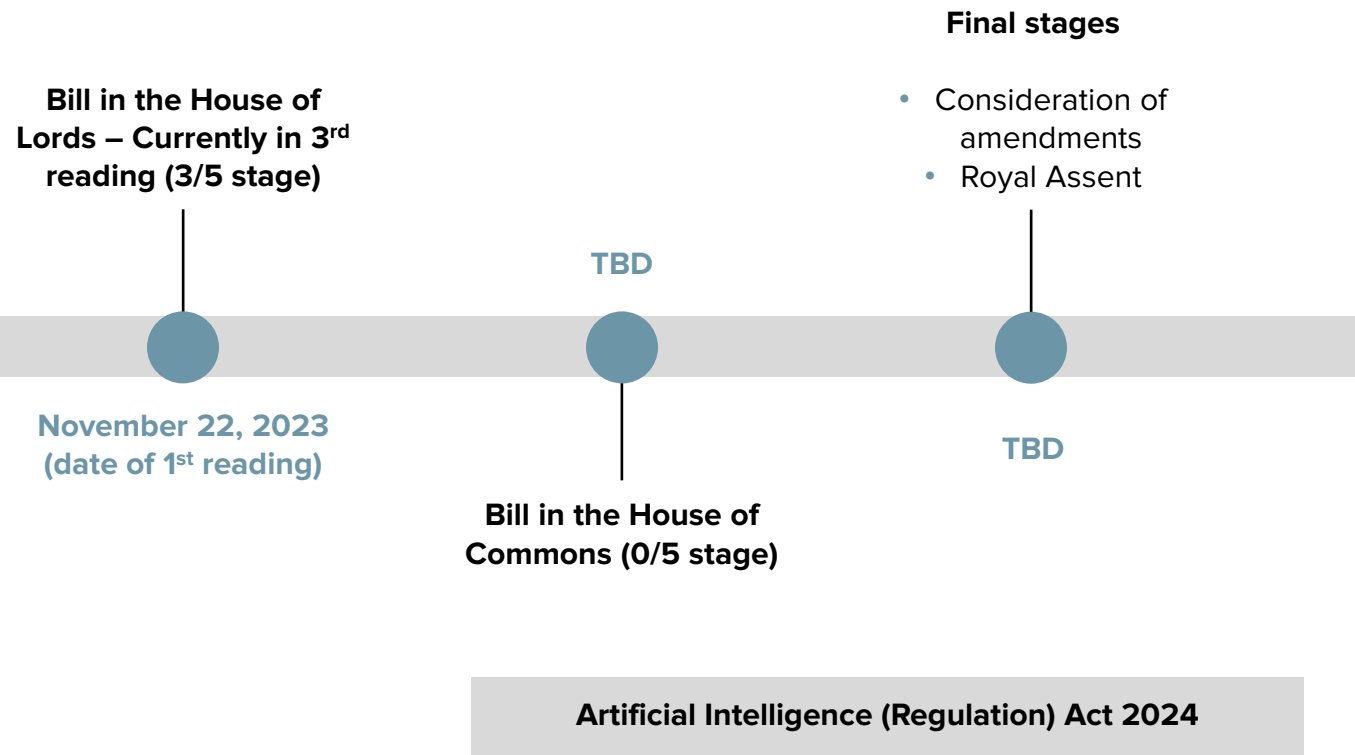NEW BODY – AI AUTHORITY

PRINCIPLES

PROPORTIONALITY

REGULATORY SANDBOXES

DESIGNATED AI OFFICER

TRANSPARENCY

PUBLIC ENGAGEMENT

Artificial Intelligence (Regulation) Bill Implementation Timeline

Bill in the House of Lords – Currently in 3rd reading (3/5 stage)

November 22, 2023 (date of 1st reading)

TBD

Bill in the House of Commons (0/5 stage)

Final stages

- Consideration of amendments
- Royal Assent

TBD

Artificial Intelligence (Regulation) Act 2024

Questions?

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