

Legalization of Artificial Intelligence: Significance and Necessity

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Annotation: The introduction begins by describing the many areas in which AI is used, as well as the various impacts on society. It aims to prevent or at least mitigate the possible negative aspects of the issues brought by artificial intelligence in terms of the creation and application of legislation, particularly in terms of legal regulation that seeks to preserve the benefits of artificial intelligence. Legislation should try to ensure appropriate digital governance, both in terms of algorithmic system development in general and the use of artificial intelligence in particular. The problems associated with controlling the use of learning algorithms such as machine learning are particularly serious. In this context, guaranteeing transparency, accountability, responsibility, and access to change, as well as eliminating hidden biases, is an important task.

Keywords: Big Data, artificial intelligence (AI), IT systems, EU law, USPTO, General Data Protection Regulation, German Federal Patent Court, Amazon, COVID-19.

Digital transformation¹ is being facilitated in part by the use of artificial intelligence (AI), an interdisciplinary technology that focuses on the use of large data sets (Big Data), appropriate computing power, and specialized analytical and decision-making procedures. computers to perform tasks that are in some ways closer to and even superior to human capabilities.

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Given the pervasiveness of digitization in many areas of society, it would be too limiting to limit the debate on the role of law and the choice of regulation to individual components, such as the direct management of artificial intelligence. AI is one of several factors involved in the usage of intelligent IT systems. Its significance varies depending on the kind of processing and the influence on actions. As a result, each sector of the legal system has unique issues, necessitating not only broad norms but, in many cases, region-specific answers.

The effects associated with the ability to use complex IT systems in many areas of society are particularly important for the achievement of individual and social goals. As a result, the risks and opportunities associated with AI and its applications require thorough investigation. In the process, the perspective should not be limited to services offered directly through digital technologies utilizing AI (i.e. the output). It is also vital to consider the influence of complicated IT systems on persons to whom decisions are addressed or on affected third parties (i.e. impact as micro-effects). Furthermore, it may be necessary to establish the broader, longer-term influence on the relevant regions of society or on society as a whole, as well as the amount to which such impact is substantial.

In addition, isolated (remote) effects can be seen in certain social sub-sectors. For example, robotics used to increase efficiency and reduce costs in production processes has the potential to fundamentally change the labor market, including working conditions. The increasing use of Legal Technology in the field of legal services is also evidence of this. New sales channels for goods that can be purchased on platforms such as Amazon will change markets such as retail markets and may affect the presence of businesses and service providers in the city and thus the nature of social interactions. Intermediation of accommodation through Airbnb affects the availability of long-term accommodation as well as the hotel industry.

It goes without saying that when digital technologies are used, all relevant norms in the affected areas, such as those of national law—in Germany, civil, criminal, and public law, as well as their related areas—as well as those of transnational and international law, including EU law, are generally applicable. Such regulations continue to apply without any explicit link to digitization. However, it is necessary to consider if and to what extent these rules, which mostly pertain to the conditions of the 'analog world,' fulfill the criteria connected with digitalization and, in particular, AI, or whether they need to be updated and augmented.

Computers and machines are used to simulate the powers of the human mind, collect and analyze data to make predictions and suggestions, solve problems and make choices.

From an ethical, societal, or economic standpoint, digital technologies, including AI, might have desirable or unintended consequences. Depending on the outcome of such an assessment, one critical question is whether the development and/or use of AI necessitates a legal framework and, in particular, regulatory restrictions in order to promote individual and public interests and safeguard against undesirable consequences.

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As an example, consider social media. You may have noticed that anytime you mention any word linked with COVID-19 in your posts, comments, or messages, social media networks automatically incorporate a link to COVID-related material. Furthermore, social media employs AI to study our web behavior and recommend information that it believes would be of interest to us. This includes presenting advertisements for certain products/services.

All of these cases, in our opinion, are linked by the following AI characteristics:

1. Data collection and analysis;
2. Impersonating the human mind;
3. Aims to make judgments that humans normally make.

We now compare US and EU regulatory approaches to AI and intellectual property laws in Uzbekistan. It should be noted that most of the results in this section are based on the practice of intellectual property (patent) offices of one or more countries, as well as court decisions.

In terms of copyrighted items, the USPTO excludes AI as creators of works since, according to US copyright rules, "fruits of intellectual effort are located in the creative capacities of the human mind;" hence, works can only be produced by a person. The USPTO refused to recognize AI as an author in 2022, stating that it would not register works produced by a machine or by a simple mechanical process that operates without any creative input or intervention from a human author. However, US legislation does allow legal entities to be recognized as authors of works-for-hire.

As regards intellectual property rights, EU law also considers the human component to be the most important in determining ownership of rights. As a result, the European Union Parliament found that AI lacks legal capacity and human consciousness. In this context, AI that independently develops works or innovations is not considered a creator of intellectual property. However, it should be noted that if AI is only used to assist the author in the creation process, the current IP framework will remain relevant.

As a result, the EU has attempted to differentiate between AI-assisted and AI-generated works. As we see it, in the first situation, the individual who utilizes AI as a tool for creativity will surely acknowledge the ownership of intellectual property rights. It is yet uncertain how AI-generated works will be approached.

Despite the above, the German Federal Patent Court announced in 2021 that an innovation created by AI would not be precluded from patent protection if a human inventor was named in the application. As a result, the German court said that AI can be cited as an inventor, but only secondarily. The main inventor must always be a living being.

Based on the above, we may infer that the US and European approaches to AI intellectual property rights owners have many similarities—both emphasize the human role and the absence of AI legal capability per se. However, the EU is working to embrace ideas on additional AI legislation from a more AI-friendly standpoint.

As mentioned above, one of the main features of AI is its use of data (collection, analysis). This includes personal information.

The European Union is subject to the General Data Protection Regulation (GDPR), which aims to protect personal data from unauthorized access. In terms of GDPR, the EU has already drawn up a list of AI techniques that are illegal. Thus, under the proposed Artificial Intelligence Act, the use of artificial intelligence for the following purposes will be prohibited.

According to some experts, AI systems can grow more swiftly in jurisdictions with less regulation on the use and protection of personal data—or places where it is not governed at all. This is connected to the fact that AI needs data in order to complete specified tasks.

1. Social scoring in any kind (social credit systems)
2. Individuals in public locations can be identified remotely using biometrics (automatic recognition of human traits (faces, eyes, fingerprints, DNA, voices), button pushing, rhythms, and so on).
3. Human emotion identification
4. Natural humans are classified based on their biometric data based on racial, political, sexual, or other characteristics that may lead to discrimination.

This list clearly limits how artificial intelligence can be utilized in the European Union. However, the Artificial Intelligence Act has not yet gone into legal effect, and its draft form may yet alter.

Although AI legislation has yet to be enacted, current EU legislation, the GDPR, has already been used to punish corporations for illegal use of AI. For example, in 2022, a bank in Hungary was fined €670,000 under the GDPR for using artificial intelligence systems to automatically analyze audio recordings of customer calls. Artificial intelligence evaluated the speech and emotional state of consumers during a banking conversation using key terms. As a result, the AI evaluated the importance of the customers by automatically ranking them to be called back.

In this scenario, the bank saw the enhancement of customer service as the main objective of implementing AI. The Hungarian authorities have stated that this premise is insufficient to allow the processing of data with the help of artificial intelligence and that the only possible basis for such use of personal data is if it is freely provided with the consent of the data subjects.

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