



JANUARY 2024

A GNLU CENTRE FOR LAW AND TECHNOLOGY INITIATIVE

Monthly Newsletter - TechTalk



Gujarat National Law University



Welcome to the GNLU Centre for Law and Technology Newsletter!
Serving as the conduit to the dynamic intersection of science, technology, and the law, our mission is to provide updates on the latest developments, promote academic excellence, and empower legal professionals to navigate this ever-evolving landscape. Join us in bridging the gap between these crucial fields and shaping the future of legal practice in our interconnected world.

↓ Enclosed in this newsletter are the following highlights:

Updates on law and technology, showcasing the latest developments in this ever-evolving field. Our curated content might just spark your next research topic idea. Stay informed and stay inspired and keep reading!

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APPLE SETTLES ITUNES GIFT CARD SCAM LAWSUIT FOR \$1.8 MILLION

Apple has reached a \$1.8 million settlement in a lawsuit over its alleged involvement in an iTunes gift card scam. The case was filed in a federal court in San Jose, California, where the plaintiff accused the tech giant of knowingly allowing scammers to retain money stolen from iTunes gift cards. The complaint asserted that individuals suffered losses in the range of 'hundreds of millions of dollars.'

The scam involved fraudsters contacting random individuals and coercing them into making payments for various purposes, such as hospital bills, bail money, utility bills, and taxes, using iTunes and Apple gift cards. Despite Apple's explicit warning not to share card codes with unknown parties, victims were tricked into providing the codes over the phone after purchasing the gift cards from electronic retailers, convenience stores, or online platforms in the United States.

CPTGroup, a US-based firm specializing in class action lawsuits, disclosed the \$1.8 million settlement agreement between the parties. The settlement is pending preliminary approval from a US District Judge. The lawsuit covers individuals in the United States who bought gift cards from iTunes or the App Store from 2015 to July 31, 2020.

According to the complaint, Apple was allegedly aware of the iTunes gift card scam but deposited only 70% of the stolen funds into the scammers' accounts, retaining the remaining 30% as a commission. Apple's attempt to have the lawsuit dismissed in June 2022 was rejected by a U.S. court, with the plaintiffs arguing that Apple was informed about the scam but failed to take corrective measures or provide reimbursement.

The case is *Barrett et al v Apple Inc et al*, U.S. District Court, Northern District of California, No. 20-04812.

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LAWSUITS PILE UP OVER AI TRAINING, MICROSOFT AND OPENAI IN THE CROSSHAIRS

Microsoft and OpenAI are facing a fresh legal challenge as nonfiction authors Nicholas Basbanes and Nicholas Gage filed a lawsuit on Friday in Manhattan federal court. The authors allege that their works were improperly utilized by the tech giants to train artificial intelligence models, including the widely used chatbot ChatGPT. In the proposed class action, Basbanes and Gage contend that Microsoft and OpenAI infringed their copyrights by incorporating portions of their books into the training data for OpenAI's GPT large language model.

This lawsuit is part of a broader trend, with numerous fiction and nonfiction writers, such as Sarah Silverman and George R.R. Martin, taking legal action against tech companies for allegedly using their works to train AI programs. Last week, The New York Times (NYT) also joined the legal fray, suing Microsoft and OpenAI over the unauthorized use of its journalists' work in training AI applications. Basbanes and Gage, both former journalists, emphasize the injustice of their works powering a billion-dollar-plus industry without compensation.

The NYT's lawsuit against OpenAI and Microsoft is a pivotal moment, highlighting the legal tensions emerging in the wake of technological advancements. The NYT claims that its content was used to train large language models and generative AI systems without proper authorization. If successful, the legal action could lead to billions of dollars in damages. The heart of the matter lies in the alleged preferential treatment given to The NYT's content, with tech companies benefitting from the newspaper's journalistic investment without permission or financial restitution.

This legal battle signifies a clash between established law and evolving technology, raising questions about the ethical and legal responsibilities of AI developers in using copyrighted material for training purposes. As the case unfolds, it is poised to impact the relationship between media entities and AI developers, potentially reshaping the dynamics of information sharing and compensation in the rapidly evolving technological landscape.

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GOOGLE FACES \$1.67 BILLION DAMAGES DEMAND IN AI PATENT TRIAL

Google is currently facing a demand for \$1.67 billion in damages in a federal jury trial in Boston, where the tech giant is contesting allegations of patent infringement related to artificial intelligence (AI) processors. The plaintiff, Singular Computing, founded by computer scientist Joseph Bates, asserts that Google unlawfully copied Bates' patented technology for processors supporting AI in products such as Google Search, Gmail, and Google Translate.

Singular Computing's lawyer, Kerry Timbers, argued that Google engaged in unauthorized use of Bates' innovations, which were shared with the company between 2010 and 2014 during collaborative discussions. These innovations were subsequently incorporated into Google's Tensor Processing Units, integral to various AI features. Internal emails revealed Google's chief scientist, Jeff Dean, expressing the compatibility of Bates' ideas with their developments, acknowledging the influence.

Timbers emphasized the case as a matter of respecting intellectual property and giving credit where due, alleging Google's failure to do so. On the other hand, Google's attorney, Robert Van Nest, contended that the employees responsible for designing the chips had not met Bates and independently created them without infringing on Singular's patents. Van Nest portrayed Bates as a "disappointed inventor" who struggled to persuade multiple companies, including Meta Platforms, Microsoft, Amazon, and OpenAI, to adopt his technology.

Google had initially stated that Singular sought up to \$7 billion in damages for patent infringement, but Timbers now argues for \$1.67 billion. The dispute extends beyond this trial, with a parallel case in a U.S. appeals court questioning the validity of Singular's patents, which Google appealed from the U.S. Patent and Trademark Office. The outcome will have implications for Google's AI technology and the broader landscape of patent rights in the rapidly evolving field of artificial intelligence.

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BOMBAY HIGH COURT PASSES SPLIT VERDICT ON PETITION CHALLENGING FACT-CHECKING UNIT UNDER THE IT RULES

The Bombay High Court has delivered a split verdict on a petition challenging certain rules under the IT Amendment Rules, 2023, which grant the Union government authority to establish a "fact-checking unit" (FCU) for evaluating social media content and labeling it as "fake, false, or misleading." The contentious rules, 3(i)(II)(A) and (C), were the subject of the petition filed by comedian and satirist Kunal Kamra, the Association of Indian Magazines, the News Broadcasters and Digital Association, and the Editors' Guild of India.

The division bench, comprising Justices Gautam Patel and Neela Gokhale, delivered conflicting opinions, with Justice Patel favoring the petitioners and Justice Gokhale upholding the amended rules. The matter will now be referred to another judge, and during this period, the FCU will not be notified for the next ten days.

Under the amended rules, the government's FCU can identify content as fake, and social media platforms must either remove the content or add a disclaimer. Justice Patel, in a 148-page order, expressed concerns over the state classifying speech as "true or false," deeming it a form of censorship. He highlighted the lack of remedies for users whose content is flagged and argued that the rules violate principles of natural justice.

The petitioners contended that allowing the government to determine what is fake poses risks of arbitrary and discriminatory orders, violating constitutional articles and natural justice. Justice Gokhale, however, in her 92-page order, upheld the FCU clause, emphasizing the dangers of fake news on social media and stating that the rule meets the test of proportionality. She acknowledged the petitioners' apprehensions but argued that regulating false information is crucial for citizens to make informed decisions.

The matter will now be referred to another judge and meanwhile, the government's fact-checking unit will not be notified for the next ten days.

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DELHI HIGH COURT SEEKS GOVERNMENT RESPONSE ON UPGRADING TRAFFIC MANAGEMENT TECHNOLOGY

The Delhi High Court has called for responses from the Centre and the Delhi government regarding a petition urging the enhancement of technology and infrastructure for monitoring traffic violations. The Chief Justice D N Patel and Justice Jyoti Singh bench issued a notice in response to a public interest litigation, providing authorities with time to submit their replies.

The plea contends that the implementation of traffic rules suffers due to deficiencies in the technology currently employed by authorities, characterizing it as obsolete and outdated. The petitioner argues that non-standardized technology has resulted in the erroneous issuance of hefty fines to innocent individuals, while actual violators escape detection. Specifically, the petition points to shortcomings in speed-limit violation detection, drunken-driving breath-analysis, and red light violation technologies, asserting that these methods are not in line with contemporary standards.

Highlighting instances of technological errors, the petition notes that over 1.57 lakh overspeeding challans were recalled in 2019. Additionally, it cites a case where a person received four different challans for a single red light violation, each timed at improbable intervals. The petition emphasizes that such lapses force innocent individuals to pay fines online without the option to challenge them in court.

The petitioner urges the court to direct authorities to adopt international standards in technology and provide proper training to traffic police personnel. Furthermore, the plea seeks the court's direction to establish a committee for reassessing the effectiveness of the existing technology. The Delhi High Court will address this matter in March this year.

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The European Parliament's committee responsible for formulating lawmakers' stance has endorsed draft rules proposed by the European Commission, designed to prevent disputes over essential patents for telecoms equipment and connected cars. The regulations aim to reduce the costly and protect legal battles surrounding patents related to technologies in telecoms equipment, mobile phones, computers, connected cars, and smart devices. The next steps involve approval by the full legislative assembly and negotiations with EU member states before becoming law. Despite approval from the committee, major patent holders such as Nokia, Ericsson, and Siemens expressed concerns in a joint letter to EU lawmakers. They highlighted apprehensions raised by the European Patent Office and the standard-setting body ETSI regarding the draft rules. Nokia's Collette Rawnsley criticized the proposals as one-sided, arguing that they place additional obligations and costs on standard essential patent (SEP) owners rather than implementers.

Lobbying group IP Europe, representing members including Nokia, Ericsson, and Qualcomm, conveyed to EU lawmakers that the rules could jeopardize European leadership in 5G, 6G, and other critical technologies. They argued that the regulations might also shift revenues in favour of foreign device manufacturers. Lawmaker Bart Groothuis, opposing the draft rules, questioned their necessity, labelling them as a solution in search of a problem. He expressed concerns that the rules could prompt China to propose a similar policy, disadvantaging European businesses. The ongoing debate underscores the complexity of balancing patent rights and fostering innovation in the technology sector within the European Union.

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FLORIDA HOUSE PASSES CONTROVERSIAL BILL RESTRICTING SOCIAL MEDIA FOR CHILDREN

The Florida House of Representatives has passed a bill by a vote of 106 to 13, aiming to prohibit children aged 16 and younger from using social media platforms. The bipartisan measure requires social media platforms to terminate accounts of individuals under 17 and implement a third-party verification system to screen out underage users. The bill, which now goes to the state Senate for consideration, mandates the permanent deletion of personal information from terminated accounts and allows parents to bring civil suits against platforms failing to comply. Supporters argue that the legislation is necessary to protect children from mental health issues associated with excessive social media use. Critics, however, including Meta (parent company of Instagram and Facebook), contend that the bill goes too far, limiting parental discretion and raising data privacy concerns. Meta proposed federal legislation for online app stores to secure parental approval for downloads by teenagers under 16.

The bill defines a social media platform as an online forum tracking users' activities, creating profiles, uploading content, and interacting with others. It identifies "addictive, harmful, or deceptive design features" and those inducing "an excessive or compulsive need to use" as defining characteristics. Notably, the legislation exempts websites and apps primarily focused on email, messaging, streaming, news, sports, entertainment, online shopping, gaming, and academics. Several U.S. states, including Utah, Arkansas, Louisiana, Ohio, and Texas, have already implemented or considered similar regulations concerning children's access to social media. The bill's supporters argue that Florida has a duty to safeguard children's mental health, while opponents call for less restrictive measures, such as parental opt-ins or opt-outs for social media use by minors. The ongoing debate reflects the broader challenge of balancing online safety, privacy, and parental control in the digital age.

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BITCOIN MINER “CORE SCIENTIFIC” EMERGES FROM BANKRUPTCY WITH \$400 MILLION DEBT ELIMINATION

A U.S. bankruptcy judge has approved Core Scientific's Chapter 11 restructuring plan, allowing the bitcoin mining company to eliminate \$400 million in debt and exit bankruptcy by the end of January. The approval was granted by U.S. Bankruptcy Judge Christopher Lopez in Houston, Texas. The judge commended the plan, stating it provides a significant recovery for both unsecured creditors and equity holders, a group that typically fares poorly in bankruptcy cases. Core Scientific, which mines new bitcoins using powerful computers, faced financial challenges in 2022, including a sharp decline in bitcoin prices, increased energy costs, and disruptions among its crypto industry partners. The company filed for Chapter 11 in December 2022, alongside other crypto companies such as FTX, Celsius Network, and Voyager Digital.

The approval comes as Core Scientific cited "favourable changes in the cryptocurrency and power markets" that contributed to a better-than-expected turnaround. Bitcoin prices rose from around \$16,900 to about \$43,000 since the filing. Core Scientific plans to re-list its shares on the Nasdaq exchange. Existing equity holders will retain approximately 60% of the company's shares through the bankruptcy process. The successful restructuring is expected to preserve 240 jobs at Core Scientific, and the reduced debt will result in annual interest cost savings of \$60 million. The company's experience reflects the volatile nature of the cryptocurrency market and the challenges faced by firms in the sector. Despite setbacks, Core Scientific's ability to adapt to market changes and implement a successful restructuring plan signals a positive outcome for the company and its stakeholders.

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CHINA'S GAMING REGULATOR PULLS BACK PROPOSED SPENDING LIMITS DRAFT RULES

China's gaming regulator has removed proposed rules from its website that aimed to curb spending and rewards encouraging video game playing. The National Press and Publication Administration (NPPA) had put forth draft rules last month, but the link to these rules became inaccessible on Tuesday morning, following the expiration of the consultation period on Monday. The removal was considered unusual, leading analysts to suggest that a revision might be in the works. The NPPA did not immediately respond to inquiries about the removal. Analyst Xiaoyue Hu of Haitong Securities suggested that the removal could signal potential changes in the measures. Tencent Holdings and NetEase, China's two largest gaming companies, saw their shares rise by as much as 6% and 7%, respectively, in morning trading after the removal of the rules. This comes after the initial announcement had led to a significant market turmoil, wiping nearly \$80 billion in market value from these gaming giants.

The draft rules had proposed spending limits for online games, causing panic among investors and raising concerns about potential regulatory changes. Following the market reaction, the NPPA adopted a more conciliatory tone, expressing a commitment to improving the rules based on public feedback. Analysts had identified Articles 17 and 18 as contentious, with the former seeking to ban games from forcing players into combat and the latter requiring spending limits for players and restricting features that incentivize in-game spending. Analysts now anticipate potential revisions, with Article 17 and 18 being removed or altered in the final rules. The regulatory environment in China has been closely watched, with changes in gaming regulations impacting major companies in the sector. The government's effort to balance gaming growth with concerns over addiction and excessive spending has led to fluctuations in the market as investors navigate evolving regulatory dynamics.

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US SUPREME COURT SNUBS APPLE-EPIC GAMES LEGAL BATTLE

The U.S. Supreme Court has declined to hear Apple's challenge to a lower court's decision requiring changes to certain rules in its App Store, in the ongoing legal battle with Epic Games, the maker of "Fortnite." The Supreme Court also rejected Epic's appeal of the lower court's ruling that Apple's App Store policies do not violate federal antitrust laws. The justices did not provide reasons for their decision. The legal dispute began in 2020 when Epic accused Apple of acting as an illegal monopolist by mandating consumers to use its App Store for app downloads and requiring in-app purchases through its own system, charging up to a 30% commission. While the lower court rejected Epic's antitrust claims, it found that Apple violated California's unfair competition law by preventing developers from guiding users to make digital purchases outside its in-app system.

The 9th U.S. Circuit Court of Appeals upheld much of the lower court's decision in 2023, stating that Epic had not proven the existence of substantially less restrictive alternatives to Apple's system. The court's injunction requires Apple to allow app developers to provide links and buttons directing users to other payment methods. Epic CEO Tim Sweeney expressed disappointment in a social media post, stating that the battle to open iOS to competing stores and payments in the U.S. is lost. Apple's stock fell more than 2% following the Supreme Court's decision. Developers can now, per the court-established right, inform U.S. customers about better prices on the web. Apple has not provided an immediate comment on the decision. The legal saga highlights ongoing debates over app store practices, commissions, and antitrust concerns in the tech industry.

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DELHI HC INSTRUCTS HEALTH MINISTRY TO SET ORGAN TRANSPLANT TIMELINES

The Delhi High Court has directed the Health Ministry to promulgate specific timelines for the entire process of organ transplantation from living donors. In a 2020 case involving a former Indian Air Force personnel seeking a kidney transplant, the court emphasized that the entire process, from the submission of the application to the final decision, should ideally be completed within 6 to 8 weeks. Justice Prathiba M. Singh stressed the importance of fixed timelines, stating that delays in such cases could have life-threatening consequences.

The court delved into the issues surrounding the organ transplantation system after the petitioner died in October 2021 while awaiting a transplant. Justice Singh highlighted the need for the Transplantation of Human Organs and Tissues Rules, 2014, to prescribe specific timelines for the Authorisation Committee's interviews and decision-making processes in organ transplant cases. The Authorisation Committee plays a crucial role in approving organ transplant procedures involving donors and recipients who are not close relatives, ensuring that donations are not driven by commercial motives.

The court clarified that the Transplantation of Human Organs and Tissues Act, 1994, and the 2014 Rules do not contemplate prolonged deliberation in such cases. Justice Singh emphasized the need for time-bound decision-making to prevent patients from continuing to suffer. The court ordered that the entire process, from submission to decision, should ideally be completed within 6 to 8 weeks. Additionally, any appeal against a committee's decision should be decided within a maximum of 30 days. The judgment, issued on January 4, has been directed to be placed before the Secretary of the Ministry of Health and Family Welfare. The court instructed the ministry to prescribe timelines for all steps in the organ donation application process under the 1994 Act and 2014 Rules after consulting with relevant stakeholders.

The case is *Amar Singh Bhatia v. Ganga Ram Hospital*, 2024 SCC OnLine Del 30.

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SPOTLIGHTING RESEARCH TOPICS: EMPOWERING RESEARCH PAPER ASPIRATIONS

We understand that embarking on a journey to create impactful research papers can be both exciting and daunting. As you navigate through your academic pursuits, we're here to help illuminate your path and fuel your scholarly ambitions. This section presents a curated selection of broad research paper topics designed to spark your intellectual curiosity and inspire your next paper based on the latest developments of this month. Each topic represents an opportunity for exploration, discovery, and the potential to contribute to the ever-evolving landscape of law and technology. We believe that a well-chosen research topic is the cornerstone of a successful publication, and our aim is to empower you to make informed choices.

- *Copyright Infringement in AI Training: Authors' Rights vs. Technological Advancements*
- *Regulating Social Media for Minors: Legal and Ethical Considerations*
- *Changing Dynamics of Gaming Regulations in Countries: Implications for Tech Giants*
- *App Store Practices and Antitrust Concerns: Lessons from Apple vs. Epic Games*
- *Florida's Social Media Regulation for Minors: Privacy, Parental Control, and Industry Perspectives*
- *iTunes Gift Card Scam Lawsuit: Analyzing Apple's Liability in Allowing Scammers to Retain Stolen Funds*
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