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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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JAPAN REMOVES ORDINANCES REQUIRING SUBMITTING DIGITAL DOCUMENTS USING FLOPPY DISCS

Japan's government has abolished regulations mandating the use of floppy disks and CDs for digital document submissions, marking the end of an era. The Ministry of Economy, Trade and Industry announced the removal of 34 ordinances, including those pertaining to quarrying, energy, and weapons manufacturing, which previously necessitated physical media for submissions.

Taro Kano, Japan's Minister for Digital Transformation, initiated the campaign against floppy disks in 2022, aiming to modernize outdated practices. Until recently, approximately 2,000 government procedures relied on floppy disks, CDs, and Minidisks for document submissions. Floppy disks, originally introduced by IBM in 1971, were a revolutionary storage medium, popular for loading software onto mainframe computers. Despite advancements such as the 1.2-megabyte high-density floppy disk in 1984 and the 3.5-inch form factor in 1986, their utility waned with the emergence of rewritable CDs in the 1990s.

Despite technological advancements, some industries, like medicine and aviation, still cling to floppy disks due to legacy systems. Japan stood out for its continued reliance on floppy disks, especially within the public sector, where outdated practices persisted. With the removal of floppy disk requirements, Japan takes a step towards modernization, aligning with global technological advancements. As the nation embraces the digital age, the era of floppy disks in administrative procedures draws to a close, reflecting a broader shift away from outdated technologies.

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AIR CANADA HELD ACCOUNTABLE FOR AI CHATBOT MISINFORMATION

In a significant legal development, Air Canada has been compelled to honour a misleading refund policy propagated by an AI chatbot on its website, marking a milestone precedent in digital accountability. The ruling stemmed from a prolonged legal battle initiated by Jake Moffat, who sought clarification on Air Canada's bereavement rates via the website's chatbot following his grandmother's demise. Misguided by the chatbot's instructions to book a flight immediately and request a refund within 90 days, Moffat followed suit, only to encounter rejection when seeking the refund, contrary to Air Canada's stated policy. Despite Air Canada's attempts to disclaim responsibility, asserting the chatbot's status as a separate legal entity, the court rejected this argument, affirming the company's overarching accountability for the information presented on its website.

Air Canada's defense, citing the chatbot's inclusion of a link to the actual policy, was dismantled by the tribunal, which emphasised the company's responsibility for all information disseminated through its digital platforms. The tribunal's decision underscores a critical shift in legal interpretation, recognising companies' liability for AI-generated content and dismissing attempts to absolve responsibility based on technological intermediaries. This groundbreaking case, the first of its kind in Canada, holds significant implications for future legal disputes involving AI-powered chatbots utilised by various companies. As the judiciary navigates the complex intersection of technology and accountability, the ruling sets a precedent for upholding companies' responsibility for the accuracy and integrity of information disseminated through AI-driven platforms.

Beyond its immediate implications for Air Canada, the ruling reflects broader concerns surrounding the evolving landscape of digital accountability and the legal framework governing AI technologies. As society grapples with the increasing integration of artificial intelligence into everyday transactions and interactions, this decision serves as a crucial precedent in delineating the boundaries of corporate responsibility in the digital age.

The case is *Moffatt v. Air Canada, 2024 BCCRT 149 (CanLII)*.

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RUSSIAN LAWMAKERS APPROVE USE OF DIGITAL ASSETS IN INTERNATIONAL TRANSACTIONS

Russian lawmakers have approved legislation allowing the use of digital financial assets (DFAs) in international settlements. This move could help Russia shield some cross-border money flows from international scrutiny, particularly from Western countries like the United States. The West has been threatening banks in countries such as Turkey and China with sanctions for facilitating trade with Russia.

Anatoly Aksakov, head of the financial committee in Russia's lower house of parliament, highlighted that the current system exposes all settlements between Russian and foreign organizations to scrutiny, including by "enemies." The legislation aims to bypass the banking system in transactions, reducing external influence, particularly from unfriendly countries that have imposed sanctions over Russia's military actions in Ukraine.

The legislation still requires approval in Russia's upper house of parliament and from President Vladimir Putin before becoming law. Aksakov emphasized that the ability to bypass the banking system could help Russian companies settle accounts with foreign organizations, especially amid threats of sanctions on financial firms doing business with Russia. The threat of sanctions has already impacted Turkish-Russian trade, leading to disruptions or delays in payments for oil imports and Turkish exports. Additionally, Russian business people have reported issues with settlements with Chinese banks. Overall, the new legislation reflects Russia's efforts to reduce its dependence on the traditional banking system in international transactions to protect its financial interests from external pressure.

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EU LAWMAKERS BACK DRAFT RULES ON PATENTS FOR CONNECTED CARS, TELECOM EQUIPMENT

EU lawmakers have approved draft rules aimed at streamlining patent disputes related to key technologies used in telecom equipment and connected cars. Proposed by the European Commission in April last year, the rules seek to reduce the cost and duration of litigation over patents used in various technologies, including telecom equipment, mobile phones, computers, connected cars, and smart devices. The European Parliament will now collaborate with EU countries to finalize the details before the rules can be enacted into law. Nokia, Ericsson, and Siemens expressed concerns about the draft rules in a letter to EU lawmakers, citing objections from the European Patent Office, standard-setting body ETSI, and other entities. Lobbying group IP Europe, representing Nokia, Ericsson, and Qualcomm, reiterated its opposition, arguing that the rules would primarily benefit big tech companies rather than small and medium-sized enterprises (SMEs). IP Europe's managing director, Patrick McCutcheon, warned that the rules could reduce incentives for contributing to open standards, potentially leading to the re-emergence of closed standards and hindering innovation, EU competitiveness, and technology leadership.

In contrast, the Fair Standards Alliance, whose members include BMW, Volkswagen, Stellantis, Tesla, Toyota, Apple, Google, and Amazon, welcomed the lawmakers' vote. The alliance believes that the vote brings European companies closer to licensing standard essential technologies on fair, reasonable, and non-discriminatory terms, which is currently not the case. Evelina Kurgonaite, secretary general of the Fair Standards Alliance, highlighted the vote as a significant step toward addressing the existing challenges in the licensing of standard essential technologies.

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CRYPTO MINER LAWSUIT SETS BACK US EFFORT TO TRACK BOOMING POWER USE

U.S. officials have withdrawn a survey aimed at assessing the power usage of the crypto-mining industry indefinitely. The survey, initiated by the U.S. Energy Information Administration (EIA), was intended to gather data on the sector's impact on grids and energy prices, especially during a period of heightened activity. Riot Platforms, one of the largest U.S. bitcoin miners, along with the Texas Blockchain Council, sued to stop the mandatory data requests associated with the survey. Following the legal action, the EIA canceled the emergency survey and is currently negotiating an agreement with the bitcoin mining plaintiffs to resolve the lawsuit.

Critics of the decision to halt the survey argue that it could create vulnerabilities in the U.S. electrical grid. They view the industry's opposition to the survey as "reprehensible," particularly given concerns about the environmental impact and strain on power grids. Bitcoin mining reached a peak on February 7 and is expected to consume more than 60 terawatt hours in the U.S. this year, equivalent to nearly the annual electricity consumption of Israel. The U.S. accounts for 38% of global bitcoin mining, a figure that has likely increased since January 2022, according to estimates. The EIA's plans regarding the survey remain unclear, including whether they will continue to pursue it and what timeline they might follow. The survey was initially requested by members of Congress, including Senator Elizabeth Warren, more than a year ago, to better understand the industry's electricity use and carbon emissions.

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OPENAI SAYS NEW YORK TIMES 'HACKED' CHATGPT TO BUILD COPYRIGHT LAWSUIT

OpenAI has requested a federal judge to dismiss parts of the New York Times' copyright lawsuit, alleging that the newspaper "hacked" its ChatGPT chatbot and other AI systems to generate misleading evidence. OpenAI argued that the Times caused its technology to reproduce its material through deceptive prompts that violated OpenAI's terms of use. OpenAI accused the Times of paying someone to manipulate its systems but did not name the individual or accuse the newspaper of breaking any anti-hacking laws. In response, the Times' attorney stated that OpenAI's characterization of the situation as "hacking" was incorrect, as they were simply using OpenAI's products to search for evidence of copyright infringement. The lawsuit, filed in December, accuses OpenAI and Microsoft (OpenAI's largest financial backer) of using millions of its articles without permission to train chatbots.

The Times is one of several copyright owners suing tech companies over alleged misuse of their work in AI training. Tech companies argue that their AI systems make fair use of copyrighted material and that these lawsuits threaten the industry's growth. Courts have yet to determine whether AI training qualifies as fair use under copyright law. OpenAI stated that it took the Times tens of thousands of attempts to generate the alleged infringing results, suggesting that it was not a typical use case for their technology. OpenAI believes that they and other AI companies will ultimately prevail in their cases based on the fair-use question, arguing that AI models cannot be prevented from acquiring knowledge about facts, similar to how news organizations report on stories they did not investigate themselves

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CENTRE AMENDS SURROGACY RULES TO ALLOW DONOR GAMETES FOR COUPLES WITH MEDICAL CONDITIONS

The Central government has revised the Surrogacy (Regulation) Rules, 2022, permitting couples with medical conditions to use donor gametes. The latest amendment states that intending couples need not provide both gametes for surrogacy if they are certified as medically unfit. Instead, they must have at least one gamete from the intending couple.

Furthermore, single women, including widows or divorcees, undergoing surrogacy must utilize their own eggs and donor sperm, as per the notification. This alteration follows the Supreme Court's query regarding the government's delay in addressing the issue. Previously, Form 2 (Consent of the Surrogate Mother and Agreement for Surrogacy) of the Surrogacy Rules, along with Rule 7, prohibited the use of donor eggs for gestational surrogacy by intending couples. However, this has been amended by the Ministry of Health and Family Welfare, allowing surrogacy with donor gametes if certified by the District Medical Board that one partner suffers from a medical condition necessitating such intervention.

The Supreme Court received numerous petitions from women across the country after a woman with a rare congenital disorder was permitted to undergo surrogacy with a donor egg. The Centre's earlier notification in March 2023 had banned the use of donor gametes for intending couples. In response to the Supreme Court's inquiries, the Centre, represented by Additional Solicitor General Aishwarya Bhati, stated that the government was reconsidering the amendment made in the surrogacy law. Various pleas were filed in the apex court challenging the amendment in Rule 7 on surrogacy, prompting the Court to question the purpose behind the previous rules in December last year.

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GOOGLE'S REDDIT LICENSING DEAL: DATA MINING OPPORTUNITY AMID AI CHALLENGES

Google and Reddit recently struck a licensing deal that offers advantages for both parties. Reddit, aiming for investor favour before its IPO, will receive a significant annual payment of \$60 million from Google. This financial infusion is particularly crucial for Reddit, which despite generating revenue, reported a net loss of \$90.8 million in 2023. Moreover, this partnership enhances Reddit's appeal to investors by providing access to data, particularly valuable in an era where AI-driven platforms are gaining prominence. For Google, this deal arrives at a time when it seeks to rectify its AI missteps. The tech giant's attempts to challenge OpenAI's dominance have been marred by failures, notably with its Bard and Gemini chatbots, which exhibited errors and produced inappropriate responses. Google's struggles underscore the importance of quality data for AI training, a challenge compounded by increasing scrutiny over data privacy and ethics.

The Reddit deal serves Google's need for a reliable data source, especially as the landscape shifts towards stricter regulations on data usage in AI development. Legislators are considering laws such as the AI Foundational Model Transparency Act, which would necessitate transparency in sourcing data for AI models. This impending legislation poses a potential threat to tech firms reliant on scraping data from the web. In response to these challenges, major tech players are turning to licensing agreements with content providers. Reddit's unique position as a social news platform, where content is community-curated and dynamic, offers Google access to real-time and diverse data through its Data API. However, this partnership isn't without its complications, as evidenced by Reddit's past conflicts over data access policies.

To mitigate potential backlash, Reddit is adopting a novel approach by offering shares in its IPO to select users, including moderators and active contributors. This move aims to foster community engagement while sidestepping concerns over data usage and accessibility. By involving its user base in its financial journey, Reddit seeks to maintain its unique community-driven ethos amidst growing commercialisation pressures. While Reddit's deal with Google marks a significant milestone in data partnerships, it also raises broader questions about the ethical use of user data in AI development. As tech companies increasingly rely on user-generated content to train AI models, ensuring transparency and accountability in data usage becomes paramount to address concerns over privacy and algorithmic biases.

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EU CONSUMER GROUPS TARGET META PLATFORMS OVER PRIVACY CONCERNS

Eight EU consumer groups have filed privacy complaints against Meta Platforms, the owner of Facebook, alleging violations of the bloc's privacy rules in the collection of user data. The complaints, submitted to data protection authorities in the Czech Republic, Denmark, France, Greece, Norway, Slovakia, Slovenia, and Spain, focus on Meta's alleged failure to comply with the General Data Protection Regulation (GDPR) regarding fair processing, data minimization, and purpose limitation. The consumer groups argue that Meta lacks a legal basis for its data collection and processing practices. Ursula Pahl, deputy director general of the European Consumer Organisation, criticized Meta's surveillance-based business model, calling on data protection authorities to stop Meta's unfair data processing and infringement of people's fundamental rights. Pahl also questioned Meta's recent introduction of paid, advertisement-free subscriptions for Facebook and Instagram in Europe, suggesting that this approach forces users to pay for their privacy. Users who do not wish to pay can continue to use the services with advertisements.

Meta defended its subscription changes as a response to regulatory actions and court rulings, stating that the subscription for no ads aligns with guidance and judgments from European regulators and courts. The company referenced a ruling by the Court of Justice of the European Union (CJEU) in July, which endorsed the subscription model as a way for users to consent to data processing for personalized advertising. Critics, however, argue that Meta's subscription offer is a superficial change that does not address the core issue of extensive data collection and monetization through invasive advertising. They view it as an attempt to mask the continued collection of sensitive user information.

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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.

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- *Corporate Liability for AI-Generated Content*
- *Legal Implications of Surrogacy Rule Amendments*
- *Data Licensing and AI Development*
- *Environmental Challenges in Crypto-Mining*
- *Fair Use in AI Training: Copyright Issues*

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