

ALL EYES ON AI: REGULATORY, LITIGATION, AND TRANSACTIONAL DEVELOPMENTS**In This Issue**

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California Privacy Protection Agency Proposes Draft Regulations Governing Businesses' Use of Automated Decision-Making Technology

On November 27, 2023, the California Privacy Protection Agency (CPPA) published draft regulations governing businesses' use of automated decision-making technology (ADMT). The proposal defines ADMT broadly and would provide California residents enhanced notice, opt out, and access rights when a business i) uses ADMT ii) "[f]or a decision that produces legal or similarly significant effects," to profile a consumer (including for behavioral advertising), or to process personal information to train ADMT.

Consistent with the CPPA's previous rulemakings, the proposal imposes highly prescriptive requirements. For example, the rule would require California Consumer Privacy Act-covered businesses using ADMT for one of the specific use cases enumerated by the regulations to provide a "pre-use notice" with "plain language" explanations of the ADMT's logic, including its key parameters, whether the organization's use of the

ADMT has been evaluated for "validity, reliability, and fairness," and the outcome of any such evaluation. Further, such businesses must provide at least two methods for submitting opt out requests. Those methods must consider ease of use, including how the business interacts with its consumers; notably, cookie banners by themselves will not suffice. There would also be an affirmative obligation for businesses to provide notice to consumers when certain adverse actions are taken using ADMT. Relatedly, consumers would also have the right to access, among other things, a plain explanation of how the ADMT worked with respect to him or her. The CPPA has stated that it plans to commence formal rulemaking in 2024. Until then, the proposal is likely to undergo further revisions as the CPPA Board continues to discuss issues around definitions, scope, and future proofing.

For additional information, please see our [client alert](#) on this topic.

Washington State Introduced AI Task Force Legislation

In December 2023, the Washington state legislature prefiled companion bills [HB 1934](#) and [SB 5838](#) that would create an artificial intelligence (AI) task force in the state. This task force would assess the current uses of generative AI systems, both in the public and private sector, and make recommendations regarding its regulation. The legislation was proposed by the state’s attorney general, Bob Ferguson (who proposes a slate of bills each legislative session), and is listed as one of Attorney General Ferguson’s [2024 legislative priorities](#).

Washington’s proposed legislation builds on the trend of states establishing task forces to evaluate AI technology. For example, [Colorado](#), [Illinois](#), and [Vermont](#) have already created similar task forces to evaluate the risks posed by the use of AI technology. Notably, Washington’s task force would include at least 42 members representing a wide variety of interests, including industry, government, civil liberties and advocacy organizations, and education, among others. With the exception of the house and senate representatives, the task force

members would be appointed by the state’s attorney general.

Given the expansive nature of the task force’s charge and membership, recommendations resulting from such a group could serve as the foundation for legislation both within Washington and in other states. If the bills establishing the task force are enacted, the task force would detail its initial findings and recommendations by December 1, 2025, and issue a final report by June 1, 2027.

Artists’ Copyright Claims Move Forward, but with Positive Signals for AI Platforms

In late October 2023, Judge William Orrick (of the U.S. District Court for the Northern District of California) dismissed claims that an entire AI model constituted a copyright-infringing derivative work. He also expressed skepticism of the idea that all outputs of a generative AI model trained on copyrighted data could constitute copyright infringement. His ruling left in place, however, the key issue of whether the alleged use of copyrighted material to train an AI model constitutes copyright infringement. That claim may now proceed to discovery, and the plaintiffs now have the opportunity to amend the dismissed claims.



class action claims that Stability AI used their copyright-protected works to train its Stable Diffusion model without permission. The plaintiffs further alleged that because the model was trained in an infringing manner and contains “compressed copies” of training images, the model itself constitutes an

unauthorized derivative work. Judge Orrick’s ruling dismissed the latter (“whole model”) claim, while allowing the training-based infringement claim to move forward.

This ruling indicates that certain courts might view trained models as unlikely to infringe (except, perhaps, in more extreme cases). However, it leaves open the possibility that companies may nonetheless be found liable for copyright infringement in connection with their model training processes and may be subject to extensive discovery processes that may require companies to reveal details of how they trained their model.

In the case at issue (*Andersen v. Stability AI*), three visual artists allege in putative

Congress Continues to Focus on AI



Congressional interest in AI showed no signs of abating in the fourth quarter of 2023, with five Congressional Committees holding a total of 10 hearings related to AI between October 31, 2023, and the end of the year. Some of the Committees held fairly narrow hearings on how AI may impact their particular area of focus (e.g., the Communications and Technology Subcommittee of the House Energy and Commerce Committee discussed potential use cases for AI in improving the security and accessibility of communications infrastructure). However, a handful of hearings addressed AI more generally:

Congress Continues to Focus on AI . . . (Continued from page 2)

- The House Energy and Commerce Committee Subcommittee on Innovation, Data, and Commerce held a hearing on the importance of privacy in the development of AI tools. Subcommittee Chair Gus Bilirakis and Committee Chair Cathy McMorris Rodgers gave opening remarks, with each emphasizing the need for a national data privacy standard while ensuring American competitiveness in the fast-moving AI space. All participants agreed on the need for comprehensive federal privacy legislation, with one of the witnesses recommending rules based on the American Data Privacy and Protection Act, which was introduced in the House but never voted upon.
- The House Oversight and Accountability Committee Subcommittee on Cybersecurity, Information Technology, and Government Innovation and the U.S. Senate Special Committee on Aging held hearings focused on the potential harms of deepfake technology.
- The House Oversight and Accountability Committee Subcommittee on Cybersecurity, Information Technology, and Government Innovation held a hearing on both President Biden’s Executive Order 14110 on the safe, secure, and trustworthy development and use of AI, and OMB’s draft memo on the same topic. Witnesses discussed policy proposals for Congress and



executive agencies to adopt, and they also discussed the risks and benefits of existing regulations with respect to innovation.

A major theme across all of these hearings was the need to protect consumer privacy and pass comprehensive federal regulations to replace patchwork state regulations.

Office of the Comptroller of the Currency Identifies AI as Emerging Risk in Banking

The Office of the Comptroller of the Currency (OCC) released its [Fall 2023 Semiannual Risk Perspective](#), which identifies the use of AI in banking as an emerging risk. The report observes that banks have approached AI adoption cautiously, with a wide range of use cases, such as in connection with customer chatbots, fraud detection, and credit scoring. While the report acknowledges that the use of AI, including generative AI, can lead to benefits such as the expansion of access to credit, it also notes that AI presents unique risks. Specifically, the report identified lack of explainability, reliance on large volumes of data, potential bias, privacy concerns, third-party risk, cybersecurity risks, and consumer protection concerns as potential risks to the financial system.

This report does not provide any new OCC guidance, but it does note that existing OCC guidance applies to the use of AI and that the OCC will continue to monitor this space.

SEC Chair Warns Against “AI Washing”

At the recent [Messenger AI Summit](#), U.S. Securities and Exchange Commission (SEC) Chair Gary Gensler cautioned public companies against “AI washing”—overstating their AI capabilities or the role of AI in their businesses. SEC Chair Gensler drew a parallel to “greenwashing” in the environmental, social, and governance context, where a company misleads investors by overstating its environmental or sustainability impact, and he noted that misrepresentations are governed by the same securities laws regardless of the topic. SEC Chair Gensler stressed that, like other public statements by reporting companies, claims about AI must be “full, fair and truthful.” Wilson Sonsini partners Amy Caiazza and Maneesha Mithal recently spoke with [CIO Dive](#), providing their insights on AI washing.

Regulators Warn of AI-posed Risks to Financial System

On November 30, 2023, the Consumer Financial Protection Bureau (CFPB) Director Rohit Chopra highlighted in his [testimony](#) before the Senate Banking Committee the risks that AI technology poses to the financial system. He outlined two main concerns that may undermine public trust in the financial system. First, he warned that opaque AI systems may magnify disruptions in the market (turning market tremors into earthquakes), particularly if multiple financial firms are relying on the same foundational AI models. Second, CFPB Director Chopra warned that AI could cause panic at financial institutions by mimicking human communication (e.g., by mimicking a bank run). In response

to questioning, Chopra commented that current intent-based standards for financial misconduct claims are almost useless when it comes to certain uses of generative AI. This may limit financial regulator's ability to hold companies liable for improper AI deployment.

To deal with these threats, Director Chopra called upon the Financial Stability Oversight Committee (FSOC) to take a closer look at AI and start using the tools at its disposal to protect the financial system. Director Chopra's testimony mirrors concerns put forward by SEC Chair Gary Gensler about the potential for AI to trigger a financial crisis.

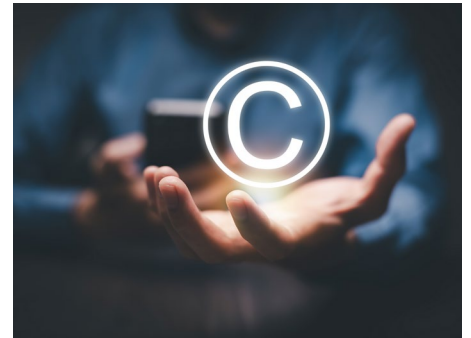
Two weeks after Director Chopra's remarks, the FSOC released its [annual report](#), which identified the use of AI in financial services as a vulnerability in the financial system. This is the first time the FSOC has included this risk in its annual report. The report notes that there are existing requirements and guidance that may apply to the use of AI, and it recommends that financial institutions, market participants, and regulatory and supervisory authorities deepen their AI expertise and monitoring capabilities to identify emerging risks.

FTC Submits Copyright Comment on AI

On October 30, 2023, the Federal Trade Commission (FTC) submitted a [comment](#) in response to the U.S. Copyright Office's [notice of inquiry and request for comments](#) on the copyright and policy issues raised by AI systems. The FTC's stated purpose for submitting this comment was to: 1) explain its interest in promoting fair competition and protecting consumers from unfair or deceptive practices where AI is deployed; 2) identify issues raised by generative AI that implicate competition and consumer protection policy as well as copyright policy; and 3) augment the record with a summary of an October 4, 2023, FTC roundtable with creative professionals.

The FTC expresses concerns in its comment that AI will adversely affect creators' ability to compete; cause consumer deception when a work is not created by the expected author but by AI; and violate copyright law by selling AI works trained on protected works without the original creator's consent.

Throughout its comment, the FTC argues that it has an interest in AI's use of copyrighted material because it has an impact on competition and consumer protection. For example, it argues that the use of copyrighted materials can constitute an unfair practice or unfair method of competition, especially when it exploits an original creator's reputation or decreases the values of the original creator's current or future works. When AI's training database includes an artist's copyrighted works, the AI will sometimes create results that look like a specific artist's work, including a distinguishing style. If the AI-created art conveys a political or discriminatory message that the artist does not agree with, the artist's reputation may still be impacted. Additionally, if a consumer wants to acquire work from a particular artist and sees AI-created art in the same style, the consumer may be tricked into believing the image was created by the artist. Therefore, AI-made creative works



implicate the FTC's control over unfair and deceptive practices. From an antitrust perspective, the FTC notes that large incumbents currently control inputs for development of AI, including cloud-based computing and access to large amounts of training data.

The Copyright Office received more than 10,000 comments in response to its notice.

FTC Authorizes Compulsory Process for AI-related Products and Services

On November 21, 2023, the FTC approved a 10-year omnibus resolution allowing the use of compulsory process in nonpublic investigation related to products and services claiming to use or be produced using AI. The resolution streamlines the issuance of civil investigative demands (CIDs), which are similar to subpoenas, while retaining the FTC’s authority to determine when to issue CIDs. The FTC voted 3-0 in favor of this omnibus resolution.



FTC Announces Campaign to Develop Strategies Against Fraudulent or Unauthorized Voice Cloning

On November 16, 2023, the FTC announced the “Voice Cloning Challenge” during an open commission meeting. This campaign is designed to foster the development of products, policies, and procedures by companies and technology experts to protect consumers from the increasing incidents of fraudulent and unauthorized use of AI-enabled voice cloning technology.

The FTC created this campaign pursuant to its authority under the America Competes Act. This is the fifth challenge that the FTC has issued under the America Competes Act; previous FTC challenges have focused on issues, such as robocalls and security issues, presented by Internet of Things devices.

During the meeting, FTC Chair Lina Khan emphasized the FTC’s close

monitoring of AI developments, recognizing the dual nature of these tools that present both opportunities and risks. Commissioner Alvaro Bedoya expressed a specific interest in receiving submissions focused on protecting immigrants from voice cloning and acknowledged the unique challenges immigrants face when receiving calls from different countries. Challenge submissions were due on January 12, 2024.

CFIUS Forces Saudi Government-Backed Fund to Withdraw from AI Start-Up

The Committee on Foreign Investment in the United States (CFIUS) has directed a Saudi venture capital firm to divest its stake in Rain AI, a Silicon Valley-based AI chip manufacturing start-up, according to recent Bloomberg reporting. CFIUS is an inter-agency federal committee mandated to regulate foreign investments within the U.S. for potential national security risk. This action is among the first public instances of CFIUS intervention in an AI-related entity, and likely marks a trend of

increased CFIUS scrutiny towards companies operating in the sensitive AI sector. It follows Biden’s September 2022 Executive Order identifying AI as a sector that is fundamental to national security and directing CFIUS to focus on AI-related transactions. CFIUS’s move also comes on the heels of the U.S.’s expansion of export restrictions on AI chips, as well as Biden’s sweeping new Executive Order on AI announced in October 2023. Collectively, these actions underscore the U.S. government’s

growing interest in AI as a national security priority and willingness to unwind arrangements involving foreign governments.

Rain AI is a start-up that falls squarely in the battleground of modern global technological competition related to AI. The company describes itself as building the world’s most cost and energy efficient hardware for AI, and its seed funding round was led by Sam Altman, the CEO of OpenAI. Prosperity7 Ventures is the

CFIUS Forces Saudi Government-Backed Fund to Withdraw from . . . (Continued from page 5)

Saudi Arabian venture capital fund targeted by CFIUS in this intervention; it is a subsidiary of the state-owned Saudi oil company Saudi Aramco. Prosperity7 was a lead investor in Rain AI’s recent \$25 million funding round, but CFIUS then reportedly subsequently requested that Prosperity7 unwind the deal.

CFIUS does not typically make its decisions available to the public, as it aims to maintain transactions’ confidentiality and parties’ confidential information. In recent years, however, a number of CFIUS-blocked transactions or forced divestments have been reported in the press, such as the CFIUS-forced divestiture of Pamplona Capital Management’s minority stake in cybersecurity firm Cofense Inc. in 2019 due to the fund’s partial backing by sanctioned Russian oligarch Mikhail Fridman. Another example is the CFIUS-forced termination of the joint venture

formed between robotics company Ekso Bionics Holdings, Inc. and two Chinese companies in 2020, likely due to the U.S. company’s history of working with the U.S. military on exoskeleton projects, as well as the joint venture’s intention to transfer the company’s export-controlled robotics manufacturing technology to China.

AI is clearly an area of significant interest to the U.S. national security community, and CFIUS will likely continue to play a key role in scouring investments into the sector for potential risk factors. U.S. businesses with foreign investors in the AI sector are increasingly likely to become the subject of CFIUS scrutiny; this is especially true if an investor has ties to countries that materially raise the CFIUS risk profile, such as Russia or China, or if sovereign money is at play. Recent enforcement trends highlight the importance of

due diligence when it comes to foreign investment in the AI sector. Prior to accepting funding from a foreign source or allowing business involvement by a foreign investor, companies should conduct proper diligence of all foreign investors and, if applicable, who is behind them. Given the recent AI-related regulations and the widening concern about the potential misuse of advanced AI technologies, CFIUS’s scrutiny and increased enforcement towards perceived U.S. national security threats in the AI sector are not likely to subside anytime soon.



Fifth Circuit Proposed to Mandate AI Review Certification

The U.S. Court of Appeals for the Fifth Circuit is accepting public comments on [proposed changes](#) to Fifth Circuit Rule 32.3 and Form 6 that would require attorneys to disclose if they used generative AI to draft a filing. The proposed rule requires attorneys and unrepresented filers to “certify that no generative artificial intelligence program was used in drafting the document presented for filing, or to the extent such a program was used, all generated text, including all citations and legal analysis, has been reviewed for accuracy and approved by a human.” A material misrepresentation in the certificate of compliance may result in striking the document and sanctions against the attorney who signed the certificate.

California Bar Adopts AI Guidelines Tackling Confidentiality, Billing

On November 16, 2023, the State Bar of California approved [guidelines](#) addressing AI usage within the legal profession. The guidelines, unveiled at a California Bar Board of Trustees meeting, provide an advisory framework to aid lawyers using generative AI tools—particularly around matters of confidentiality, competence, supervision, and billing. These guidelines do not create any new ethical rules, but instead

explain how existing rules may apply to the use of AI.

Among other things, the guidelines caution lawyers to ensure client data is protected when using generative software. They further urge attorneys to understand the capabilities and limitations of such technology to meet competency requirements expected of trained lawyers. According to the

guidelines, an attorney’s duty of competence requires more than just identifying and eliminating false AI-generated results; it also requires the attorney to ensure AI inputs and outputs accurately reflect and support the interests and priorities of the client in the matter at hand.

As part of this guidance, the California Committee on Professional

California Bar Adopts AI Guidelines Tackling Confidentiality, Billing . . . *(Continued from page 6)*

Responsibility and Conduct also calls upon the State Bar Board of Trustees to take additional action regarding the use of generative AI, including by working with the legislature to determine whether (and if so, how) legal generative AI products should be licensed or regulated.

These developments in California echo the growing attention nationwide on the use of generative AI by the legal profession. For example, the State Bar of Michigan issued an opinion underscoring the ethical obligation for judges to understand new technologies, such as AI, and to ensure its use in the

legal system is consistent with the law. Meanwhile, Florida recently published its own ethics opinion on the use of generative AI in the practice of law. This flurry of activity signifies a concerted effort across different states to establish regulations around AI's role in legal work.

States Increase Scrutiny on Use of Generative AI by Insurers



In recent months, states have increased regulatory focus on the use of predictive AI models in insurers' underwriting practices. Colorado recently became the inaugural state to formally adopt a regulation specifically targeting algorithms employed in insurance underwriting processes.

Effective November 2023, this regulation is a response to growing concerns that AI could facilitate discriminatory practices in the insurance underwriting process. Colorado's

newly enacted regulation mandates insurance companies to disclose how they review AI models and use nontraditional data, such as shopping habits and social media posts, as opposed to traditional data like occupation and health history, for determining customer insurance rates. Additionally, the regulation requires transparency in how these companies oversee their AI models. New Jersey's legislature has introduced legislation similar to Colorado's regulation, which would prohibit unlawful discrimination in automated insurance decision systems.

New York, California, and Connecticut have issued warnings regarding the potential for discrimination in the insurance underwriting process stemming from the use of generative AI. Additionally, the superintendent of the New York Department of Financial Services announced in November that the state would soon issue additional AI guidelines for insurance underwriters.

Colorado's recent regulation, along with the attention from other states on this topic suggests a broader trend toward implementing measures requiring insurers to provide explanations for their AI-driven decisions.

G7 Releases International Guiding Principles and a Code of Conduct for Organizations Developing Advanced AI Systems

On October 30, 2023, the leaders of the G7 unveiled [International Guiding Principles](#) and a [Code of Conduct](#) for organizations developing and using advanced AI systems. While not legally binding, these instruments define proposed best practices for developing trustworthy AI, establish an international understanding of the risks and mitigation strategies related to AI systems, and complement national laws regulating AI.

The International Guiding Principles and Code of Conduct were developed pursuant to the Hiroshima AI Process, established in May 2023 by the G7 (the U.S., the UK, Canada, France, Germany, Italy, and Japan) and the EU. The aim of the International Guiding Principles is to prompt the development of "safe, secure, and trustworthy AI worldwide." They are directed to AI actors involved in the design, development, deployment,

and use of advanced AI systems, which include foundation models and generative AI systems.

The Guiding Principles emphasize a holistic approach to risk management throughout the AI lifecycle. Transparency and accountability are key, with a focus on disclosing AI system details and collaborating across sectors to share information and report incidents.

G7 Releases International Guiding Principles and a Code of Conduct . . . *(Continued from page 7)*

Organizations are urged to enact risk-based AI governance policies, invest in robust security controls, and prioritize research and development efforts to address societal challenges. Additionally, the principles stress the importance of advancing international technical standards and implementing measures to manage data quality while safeguarding personal data and intellectual property.

The Code of Conduct builds upon the Guiding Principles and provides recommendations for specific actions organizations

can take to implement the Guiding Principles when designing, developing, and using advanced AI systems to minimize the risks they pose. It encourages organizations to take a risk-based approach while governments develop more detailed governance and regulatory approaches.

For more information on the G7 International Guiding Principles and a Code of Conduct, please see our client alert [here](#).

The UK and the U.S. Released Guidelines for Secure AI System Development, Following the UK AI Safety Summit

On November 27, 2023, the cybersecurity authorities of the UK, the U.S., and more than a dozen other major economies published the [Guidelines for Secure AI System Development](#).

The Guidelines for Secure AI System Development are a follow-up to the UK AI Safety Summit held in London in early November. The Guidelines aim to ensure that AI systems are designed, developed, and deployed securely. The Guidelines set forth the first global, common understanding of cyber risks and mitigation strategies specific to AI systems. They are targeted towards providers of AI systems, though all stakeholders are urged to consider them to make informed decisions about the design, deployment, and operation of AI systems.

The Guidelines follow a “secure by default” approach, which prioritizes taking ownership of security outcomes for customers, embracing radical transparency and accountability, and building organizational structure and leadership so secure design is a top business priority.

The Guidelines cover four key areas: Secure Design, Secure Development, Secure Deployment, and Secure Operation and Maintenance. In the design stage, system owners and leaders are advised to understand and mitigate threats, integrating a holistic threat assessment into the risk management process. During development, security standards for sourcing external software and hardware, secure management of AI-related assets, and tracking security-relevant data are recommended. In the deployment phase, proactive threat detection and security measures at all user-interaction points are emphasized, along with infrastructure security principles, cybersecurity best practices, and effective security evaluations before releasing new AI systems. Finally, in the operation and maintenance stage, comprehensive oversight, transparency in updates, and participation in information-sharing communities to address vulnerabilities are highlighted.

The Guidelines are not legally binding and therefore do not mandate companies to make any changes in the way AI systems are designed,



developed, deployed, or used. However, companies may want to use them as a checklist of best practices to consider in benchmarking their AI programs or to implement in their development of new AI systems.

EU Lawmakers Reach Political Agreement on the AI Act

On December 8, 2023, the EU finally agreed on the world’s first comprehensive legal framework on AI: the AI Act. EU lawmakers reached a political agreement on a series of controversial issues after record-long negotiations. They are expected to formally adopt the agreed text within the next couple of months. Being the first law of its kind globally, the AI Act has the potential to establish a benchmark for AI regulation in other regions, just as the EU General Data Protection Regulation has done.

Most obligations of the AI Act fall on providers of high-risk AI systems (e.g., AI used in biometric identification systems, medical devices, recruitment, determining access to education). For examples of such obligations, please see our FAQ, “10 Things You Should Know About the EU Artificial Intelligence Act,” [here](#).

Some AI systems, considered to pose an unacceptable threat to fundamental rights, are banned outright. The EU negotiators agreed to ban, among others: i) AI systems that manipulate or exploit individuals; ii) AI systems that perform social scoring; iii) the untargeted scraping of facial images from the internet or CCTV footage; iv) some biometric systems, for example

emotion recognition systems used in the workplace or in educational institutions, or systems that categorize people to infer sensitive data, such as sexual orientation or religious beliefs.

The AI Act also regulates General Purpose AI (GPAI). Providers of GPAI systems



and GPAI models will be subject to transparency obligations. They will also need to comply with EU copyright laws when training the model and publish a summary of the content used to train the model. The European Commission will designate more powerful GPAI models that could pose “systemic risks.” Providers of

such models will be subject to additional obligations.

The AI Act aims to foster innovation in the EU. To that end, regulatory sandboxes will be created. They will establish a controlled environment for the development, testing, and validation of innovative AI systems, and allow for testing of innovative AI systems in real world conditions.

The AI Act will be enforced by AI regulators in each EU country. National AI regulators will have the power to impose fines of up to €35 million or seven percent of the company’s global annual turnover—whichever is higher—for the banned AI applications, while the maximum fine for other obligations under the AI Act will be up to €15 million or three percent. Start-ups and small- and medium-sized companies will be able to benefit from more proportionate caps on fines. In addition, citizens will have a right to launch complaints and receive explanations about decisions based on high-risk AI systems.

For a broader overview of the agreement on the AI Act, please see our client [alert](#).

Deals Highlights

Wilson Sonsini Advises Yalo on \$20 Million Series C Round Extension

On December 13, 2023, Yalo, a pioneer in AI-driven conversational commerce, announced a \$20 million Series C extension and strategic partnership with Glisco Partners that will offer commercial and financial support to drive continued growth. Wilson Sonsini Goodrich & Rosati represented Yalo in the transaction.

Wilson Sonsini Advises Absci on Collaboration with AstraZeneca

On December 4, 2023, Absci, a leader in generative AI antibody discovery, announced a collaboration with AstraZeneca, a global biopharmaceutical company, to deliver an AI-designed antibody against an oncology target.

The collaboration combines Absci’s Integrated Drug Creation™ platform with

AstraZeneca’s expertise in oncology with the goal of accelerating the discovery of a potential new cancer treatment candidate. Absci will contribute its pioneering generative AI technology to deliver a therapeutic candidate antibody for a specified oncology target. The agreement includes an upfront commitment, R&D funding, and milestone payments, in addition to royalties on product sales. Wilson Sonsini Goodrich & Rosati advised Absci on the transaction.

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Deal Highlights . . . (Continued from page 9)

Wilson Sonsini Advises iSIZE on Acquisition by Sony Interactive Entertainment

On November 2, 2023, Sony Interactive Entertainment (SIE), the company behind PlayStation, announced that it had entered into an agreement to acquire iSIZE Limited, a UK-based

company specializing in deep learning for video delivery. The terms of the deal were not disclosed due to contractual commitments.

iSIZE builds AI-powered solutions to deliver bitrate savings and quality improvements for the media and entertainment industry. The acquisition

provides SIE with significant expertise in applying machine learning to video processing, which will benefit a range of the company's R&D efforts as well as its video and streaming services. Wilson Sonsini Goodrich & Rosati advised iSIZE on the transaction.

Wilson Sonsini AI Advisory Practice Highlights

Wilson Sonsini hosted a series of AI-related webinars in Q4 2023, discussing the various ways in which AI presents new legal and ethical challenges:

- On [November 2](#), Jess Cheng and Amy Caiazza engaged in a panel discussion with representatives from Plaid, Betterment, and Featurespace about how AI is impacting the financial services landscape and the key legal considerations at this fast-changing intersection of technology and regulation.
- On [November 9](#), Laura De Boel and Rossana Fol discussed the scope and timeline of application of the EU AI Act, provided an overview of the key obligations in the Act and how to comply with them in practice, explained the sanctions for noncompliance with obligations in the Act, and advised companies on what they should do now to prepare for the Act.
- On [December 5](#), Laura De Boel, Maneesha Mithal, Rossana Fol, and Tom Evans explored how lawmakers and regulators in the U.S., EU, and China are approaching AI and provided tips for companies on how to set up a global AI compliance program.
- On [December 12](#), Barath Chari, David Berger, and Amy Simmerman joined Harvard Law professor Noah Feldman for a webinar exploring the key considerations for AI companies and how they are governed.
- On [December 19](#), Laura De Boel, Rossana Fol, and Roberto Yunquera Sehwan discussed the last-minute changes made to the EU AI Act and how companies can prepare for compliance.

Wilson Sonsini attorneys also provided AI-related guidance at the following events:

- On [November 15](#), Jess Cheng discussed the potential promises and pitfalls of implementing AI models in the payments industry with Joseph Torregrossa (Associate General Counsel for the Federal Reserve Bank of New York).
- On [November 16](#), Amy Caiazza participated in an online panel exploring the policy implications of the financial AI developments on the horizon.

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