

Lodz, March 2024

## **Lodz Cyber Hub Position Statement on Competition in Virtual Worlds and Generative AI**

As an international law research center, we are keenly aware of the pivotal role that generative AI plays in shaping contemporary virtual worlds and digital environments. Positioned in Central Europe, we actively contribute to the ongoing development of European initiatives and policies in the fields of AI and digital governance through our diligent efforts and commitment to excellence.

We recognize the imperative of ensuring human rights compliance in all AI-related products, particularly in safeguarding privacy and data protection. In response to the European Commission's call for contributions on competition in virtual worlds and generative AI, we underscore several key points that underscore the intersection of international law and emerging technologies.

International law, including human rights law, offers tangible solutions for addressing the challenges posed by the online environment. This was reaffirmed by the United Nations Group of Governmental Experts (UN GGE) in 2015, which recognized that international law applies online as it does offline. In our research and advocacy efforts, we focus on elucidating the practical application of international law in the digital sphere. By understanding how international legal principles apply in cyberspace, we can effectively address issues such as data privacy, cybersecurity, and ethical AI development.

In this context, Europe emerges as a prominent advocate for global norms and standards in AI regulation. As the "global norms entrepreneur," Europe has a unique opportunity to shape the regulatory landscape for AI technologies. By leveraging its expertise in human rights law and its commitment to ethical governance, Europe can play a leading role in promoting responsible AI development worldwide. Our contributions to the European Commission's call for feedback underscore the importance of embedding human rights principles in AI regulation, fostering innovation while safeguarding individual rights, and establishing Europe as a standard-bearer for responsible state behavior in cyberspace.

Therefore we wish to highlight the following points for the kind consideration of President Vestager:

1. **Advancing Responsible State Behavior in Cyberspace:** Evidently, while substantial efforts are underway, a more targeted approach is necessary to address AI-related threats to responsible state behavior in cyberspace, particularly those originating from beyond the EU borders. It is imperative for Europe to advocate for responsible state conduct in cyberspace, rallying for international collaboration, the establishment of norms, and the forging of agreements. This collective action is crucial for safeguarding cybersecurity, upholding human rights, and counteracting the dangers posed by malicious AI applications and invasive data profiling technologies.
2. **Responsible Data Governance:** AI technologies, including generative AI systems and virtual worlds, often involve the collection and processing of vast amounts of personal data. It is paramount that any developments in these fields adhere strictly to existing frameworks such as the General Data Protection Regulation (GDPR). Safeguarding individuals' privacy rights and ensuring robust data protection mechanisms are integral to fostering trust in AI systems and upholding fundamental human rights standards.
3. **Fostering Innovation:** While prioritizing human rights considerations, it is imperative to foster a conducive environment for innovation in the AI sector. This entails striking a delicate balance between intellectual property protection and promoting open innovation practices. The current restrictive copyright regime, as outlined in the 2019 Copyright Directive, poses significant barriers to innovation by stifling creativity and discouraging entrepreneurship, particularly among young innovators. Europe must embrace a paradigm of permissionless innovation, leveraging its robust human rights framework to encourage experimentation and creativity in AI development.
4. **Europe as a Standard Setter for Responsible AI:** Building on the success of GDPR, Europe must assert its role as a global standard setter for responsible AI governance. By championing ethical principles, transparency, and accountability in AI deployment, Europe can influence international norms and practices, thereby promoting trust and confidence in AI technologies worldwide. As AI continues to reshape socio-economic landscapes, Europe has a unique opportunity to lead by example, shaping a future where innovation thrives within a framework of respect for human rights and ethical considerations.



5. **Addressing Market Dynamics:** As the European Commission investigates agreements between digital market players and generative AI developers, it is crucial to ensure fair competition and prevent monopolistic practices that may hinder innovation and market diversity.
6. **Enhancing Regulatory Frameworks:** Continued collaboration between policymakers, industry stakeholders, and civil society is essential to develop and implement regulatory frameworks that strike a balance between fostering innovation and protecting fundamental rights in AI development.
7. **Promoting Ethical AI Development:** Ethical considerations must be integrated into AI development processes, encompassing principles such as fairness, accountability, and transparency to mitigate potential biases and ensure AI systems uphold human rights standards.
8. **Investing in AI Education and Awareness:** Efforts to promote digital literacy and raise awareness about the ethical implications of AI technologies are essential to empower individuals to make informed decisions and actively participate in shaping the future of AI.
9. **Safeguarding Children Online:** Given the pervasive nature of virtual worlds and AI-driven platforms, special attention must be directed towards protecting children from potential harms such as exploitation, inappropriate content, and data misuse. Regulatory measures should be implemented to enforce age-appropriate content standards, parental controls, and enhanced privacy protections tailored to the specific vulnerabilities of younger users. Collaborative efforts between policymakers, industry stakeholders, and child protection advocates are essential in addressing these complex challenges.
10. **Intersection of Generative AI and Cybersecurity:** Additionally, our research center highlights the critical intersection of generative AI with cybersecurity concerns, an area where existing EU regulations are notably lacking. As technology advances, the distinction between non-dual-use and dual-use technologies diminishes, necessitating comprehensive approaches to competition law that address the multifaceted implications of generative AI. Going beyond the provisions of the AI Act, regulations must extend to



encompass dual-use technologies, ensuring stringent limitations on surveillance purposes and preventing unwarranted profiling in alignment with fundamental rights principles.

In this context, regional research centers such as the Lodz Cyber Hub play a pivotal role in advancing the goals of ensuring human rights compliance, fostering innovation, and promoting responsible state behavior in the realm of AI and cyberspace. Through collaborations with well-established institutions like the European Security and Defence College and the Fundamental Rights Agency, as well as active participation in EU research funding programs, we contribute to on-the-ground efforts by providing expertise, conducting research, and building capacity from the bottom up. Building upon the collective knowledge and resources of diverse stakeholders, these partnerships facilitate the development of robust regulatory frameworks, promote ethical AI development, and empower individuals and communities to successfully face the complexities of the digital environment with confidence. We appreciate the opportunity to contribute to these endeavors and welcome the further steps that will further enhance the protection of human rights and the promotion of responsible AI governance. It is only through collective effort among all involved stakeholders that we can effectively tackle the challenges posed by generative AI for local, regional, and global communities.

