

AI-Act: use of AI in companies

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On June 13th, 2024, the “**AI Act**” (Regulation (EU) 2024/1689) was published as one of the first regulations worldwide for artificial intelligence (AI) systems.

It came into force on August 1st 2024 and will be applied in stages on certain dates (02.02.2025, 02.08.2025, 02.08.2026 and 02.08.2027).

The comprehensive AI Act sets a framework aimed at maximizing the benefits of AI while minimizing its risks. Its guiding principles include technical safety, privacy and transparency, fairness, social welfare and accountability. AI should be safe and trustworthy, and its use should guarantee the health, safety and fundamental rights of people as well as ensuring legal certainty for companies in EU member states.

Use of AI in companies

AI is changing the way companies interact with their customers. With the help of predictive analytics, customer behavior can even be “predicted”.

AI can be used in the area of customer relations, support financial strategies, enhance marketing efforts, help with product improvement or even detect illegal activities. As such, AI is becoming increasingly attractive to businesses of all sizes.

Implementing AI in a company requires an understanding of how AI works, in particular the risks, responsibilities and possible sanctions resulting from its use.

Risks

The AI Act categorizes AI systems by risk levels, ranging from prohibited technologies to high, medium and low-risk.

Prohibited applications include biometric classification systems based on sensitive characteristics, systems that enable emotion recognition in the workplace, or AI applications that manipulate human behavior or exploit human vulnerabilities.

Clear obligations also apply to **high-risk AI systems** that have a significant potential to affect health, safety, fundamental rights, the environment, democracy and the rule of law. Examples of such systems relevant to businesses include those used in vocational training or employee selection - such as AI systems that evaluate CVs and determines who gets invited to job interviews.

General AI systems must meet certain transparency requirements, including respecting copyright laws and publishing detailed summaries of the content used for training.

In addition, artificially generated or **manipulated image, audio or video content** (“deepfakes”) must be clearly labeled as such.

Actors involved/responsibility

AI systems are tools created, implemented and used by humans. The AI Act therefore assigns responsibilities and obligations to those involved in AI applications. These “actors” in the AI ecosystem are defined by the AI Act as:

- **Providers** - legal or natural persons or authorities engaged in the development and marketing of an AI system. This includes persons who have AI systems developed by third parties and market them under their name or trademark.
- **Operators** - persons who use an AI system in the course of their professional activities under their own responsibility. The operator decides when and how the system is used and must ensure its use complies with the principles and ethics set out in the AI Act.
- **Authorized representatives, importers and distributors** - so-called secondary actors, also defined in the AI Act, who are subject to specific obligations.

These distinctions are crucial, as the obligations vary depending on the actor. Most of the obligations are incumbent on the provider, as their systems have a significant influence on the entire AI ecosystem. The AI Act also specifies the conditions under which other actors can be treated as providers.

Authorities, sanctions

The AI Act designates national supervisory authorities, which are coordinated at EU level by the European Office for AI. These authorities check the documentation of an AI system in the member state, remove non-compliant products from the market and may impose fines of up to EUR 35 million or 7% of the previous year's global annual turnover.

Conclusion

The AI Act aims to ensure an AI ecosystem in which all actors are involved and take responsibility. However, it raises the question of how far these rules from the material world are actually connected to the algorithms of the respective AI systems - or with the experiences these systems gather and adapt to. The AI Act addresses AI practices and impacts, but not the algorithms themselves.

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